Austria	Sch. 15	Indonesia	Rp 2500	Portugal	Esc 65
Bahrain	Din.0.650	Italy	L 1100	S. Arabia	Rls 6.00
Belgium	BFr.35	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.50	Jordan	Fils 500	Spain	Pta 95
Cyprus	Mils 600	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.00	Lebanon	£L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr.35	Switzerland	SwFr 2
Finland	Fmk 5.50	Malaysia	Rls 4.25	Taiwan	NT $65
France	FFr. 6.50	Mexico	Pes. 900	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 160
Greece	Dr 60	Netherlands	Fl 2.25	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 6.00	U.S.A.	$1.50
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,142 Tuesday October 11 1983 D 8523 B

A hard winter for the Greek economy, Page 19

NEWS SUMMARY

GENERAL

S. Korea acts to form new Cabinet

South Korea's President Chun Doo Hwan, back in Seoul from Burma, where four Ministers were among the 19 senior officials assassinated by a bomb, held day-long talks to form a new Cabinet to carry on the country's programme of expansion and liberalisation.

In Rangoon, investigators combed the remains of the Martyrs' Mausoleum in search of evidence. The South Koreans have already blamed the North Koreans.

Moves are being made to mount an official inquiry in Burma.

South-east Asian and world leaders yesterday joined the chorus of condemnation. Page 20. Repercussion in Burma. Page 3

Manila panel quits

All five remaining members of the panel appointed by Philippines President Ferdinand Marcos to investigate the killing of opposition leader Benigno Aquino at Manila airport have resigned to make way for a new inquiry. Page 3

Swiss jail Poles

Swiss court sentenced four Polish gunmen who took hostages in the Polish embassy in Berne last year to terms from 2½ to 6 years. Top sentence went to Florian Kruszyk, who had served 9 years for robbing a Viennese jeweller and 10 months for spying on exiled Poles in Austria for the Polish secret services.

Wu's red carpet

The Reagan Administration is preparing red carpet treatment for Chinese Foreign Minister Wu Xueqian this week in the hope of building on recent improvement in relations with Peking. Page 20

Solidarity sentence

Solidarity underground leader Janusz Palubicki was sentenced in Poznan, western Poland, to four years jail, automatically halved under an amnesty programme.

Argentine plan

Argentina's military rulers are considering handing over power to the new civilian government emerging from the October 30 elections in early December, and not on January 30 as first proposed. Page 6

Venus encircled

Soviet space probe Venera-15, launched on June 2, went into orbit around Venus after its 130-day, 330m km (205m miles) journey, said news agency Tass. Another satellite, Venera-16, is due to reach Venus on Friday.

Spain confirms threat

Spain's Government confirmed that it had caught an Argentine group of presumed saboteurs trying to get into Gibraltar during the Falklands War last year, and had sent them back to Argentina. Page 3

'Ban uranium' move

Australian Democrats today introduce a private bill in the Senate to ban uranium mining and exports – an embarrassment to the ruling Labor Party, whose left wing opposes uranium mining. Page 3

Medicine award

Nobel prize for medicine was awarded to American Barbara McClintock, 81, for her discovery of mobile genetic elements. It is the first time in 12 years that the prize has gone to an individual, and only the third time it has gone to a woman.

Briefly ...

Actor Sir Ralph Richardson died, aged 80.

BUSINESS

Italian group to seek $50m

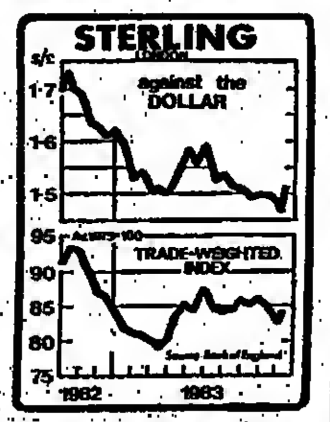
● MONTEDISON, Italy's largest public chemicals group, a loss maker since 1979, is seeking to raise up to $50m in a series of stock flotations for its subsidiaries, at home and abroad, in the next two or three years.

● LONDON: FT Industrial Ordinary index fell 8.7 to 701.1. Government securities showed some small losses. Report, FT Share Information Service, Pages 39–41

● WALL STREET: Dow Jones index closed 12.5 up at 1,284.65, a new record. Report, Page 35. Full share prices Pages 36–38.

● COPENHAGEN share prices fell 4 per cent, biggest fall in a day this year, on fears that the right-wing minority government will fall this month. Report, Page 35. Leading prices, Page 38

● TOKYO: Closed for holiday. Other exchanges, Page 38



● STERLING closed unchanged at $1.5105, rose to DM 3.9125 (DM 3.87), FFr 11.97 (FFr 11.8725), SwFr 3.18 (SwFr 3.15) and Y352 (Y348). Its trade weighting rose from 83.3 to 83.9. Page 45

● DOLLAR rose to DM 2.5885 (from Friday's DM 2.5645), FFr 7.926 (FFr 7.867), SwFr 2.103 (SwFr 2.085) and Y232.85 (Y230.65). Its Bank of England trade-weighted index was up from 125.1 to 125.6. Page 45

● GOLD rose $0.25 in London to $400.125. In Frankfurt it went up $2.75 to $400.25, and in Zurich it closed unchanged at $400.5. In New York the Comex October settlement was $403.20. Page 44

● IRISH pipeline taking natural gas from the Republic to Ulster is to be started at a planned cost of £150m ($225m). Page 8

● SWISS inflation rate felt to an annual 1.4 per cent last month, lowest since January 1979. Page 2

● DENMARK'S first licensing round for oil and gas exploration brought applications from eight Danish companies and 24 international oil companies. Page 2

● UK gave the go-ahead for Marathon to develop its North Brae field in the North Sea, at an estimated cost of £1.7bn ($2.57bn), to produce only condensates (ultra-light oil).

● ALFA ROMEO, Italy's second largest car maker, wants to lay off 7,300 of its 31,900 workforce next year, many permanently. Page 21

● HONEYWELL, U.S. computer multinational, announced what it claims as the world's first fully integrated management system, after a $80m programme. Page 2

● STK, the Norwegian subsidiary of ITT of the U.S., is planning a Nkr 310m ($42.6m) issue this month – Norway's largest share offer. Page 21

● MAN, the West German vehicle and engineering group, is to cut 1,700 jobs. Page 20

● JOHNSON MATTHEY, the UK metal refiner and banker, is cutting its lossmaking U.S. jewellery-making business at a cost of at least £35m ($53m). Page 20

Five French Super Etendard aircraft 'delivered to Iraq'

BY RICHARD JOHNS AND PATRICK COCKBURN IN LONDON

THE FIVE French Super Etendard aircraft, capable of striking at Iran's main oil terminal have already been delivered to Iraq, according to Western intelligence officials.

The aircraft are said to have left France last Friday and arrived on Sunday after aerial refuelling and having crossed Turkish territory after agreement had been reached with Ankara.

The arrival of the aircraft is bound to raise tension in the Gulf after Iraq's repetition at the weekend of its threat to cut off Iranian oil shipments unless it was allowed to resume its own exports from the Gulf. Iran has threatened to retaliate by blocking the Straits of Hormuz, through which about a fifth of non-Communist oil supplies – some 9m barrels a day – currently passes.

A further complication arises from the possibility that Iran might attempt, in retaliation, to halt the flow of oil via the pipeline linking Iraq's northern fields to the port of Ceyhan on Turkey's south-east coast – Iraq's only export outlet. Its capacity has been limited to only 650,000 barrels a day but should be increased by the end of this year by 300,000–400,000 b/d.

It provides some of Turkey's requirements at what is believed to be a preferential price. Turkey, which has also sought to maintain good relations with Iran, regards the facility as a joint venture.

Iraq has in the past used Exocets launched from Super Frelon helicopters, but has failed to disrupt tanker traffic either to Kharg Island, Iran's main crude-oil terminal, or to Bandar Mashur, its main import terminal for oil products.

It is not clear to what extent the arrival of the French aircraft will improve Iraq's capability to strike at the Iranian oil trade. "It does give Iraq a quicker reaction time and greater flexibility in launching air attacks," a military specialist said yesterday. However, it will not necessarily change the military balance in the Gulf.

The Exocet, which carries a warhead with 160 kilos of high explosive, was successfully used by the Argentine air force in the Falklands war.

The missile homes in on the radar echo of its target. Countermeasures normally depend on producing an amplified radar return to divert the Exocet.

Iraq has had scant success in its air attacks against tankers going to Iran since the Gulf war started in 1980, but the delivery of the Super Etendard does emphasise a new determination on Baghdad's part to cut Iran's oil revenues.

● Oil prices showed a marked improvement on the spot market as a result of Iranian threats to block Arab oil supplies from the Gulf. The most marked increase was for Brent Blend, the North Sea reference, which rose by 35 cents to reach $29.90 a barrel – just below its official selling rate of $30.

Arabian Light, Opec's benchmark crude, was up 20 cents from $28.20 to $28.40 compared with an official selling rate of $29. Other leading crudes showed marginal gains.

Yesterday's increases followed a progressive slide in prices since early August until early last week, when Brent Blend dropped as low as $29.20 on October 3.

Oil stocks, Page 2; Editorial comment, Page 18

Shamir takes Israeli premiership as economic crisis grows

BY DAVID LENNON IN TEL AVIV

Mr Yitzhak Shamir became Prime Minister of an economically troubled and socially divided Israel last night when the Knesset (parliament) voted 60–53 in favour of his right-wing coalition.

Mr Shamir promised urgent steps to deal with the country's growing economic crisis as the confusion and uncertainty about the capital markets continued.

Less than three hours after being sworn in as Premier, Mr Shamir called his Cabinet into emergency session. Ministers were expected to be asked to approve a series of measures including budget cuts, a devaluation of the shekel and a massive cut in government subsidies designed to halt the decline in the performance of the economy.

The ministers were also expected to examine the details of a plan being worked out by the Treasury to rescue the commercial banks from the threatened collapse of their shares.

The public rush to buy dollars continued yesterday, and in mid morning the Bank of Israel stopped supplying foreign currency to the commercial banks, effectively halting trading. Later in the day the commerical banks announced a remarkable 5.5 per cent depreciation of the shekel against the U.S. dollar, taking the rate to 70.99 shekels to the dollar.

Until a month ago, the policy of the Treasury was to limit its depreciation to 5 per cent a month. The Bank of Israel said the decision to halt trading in foreign currency was taken because of continued public pressure to buy dollars and because of the uncertainty in the capital market.

Foreign currency trading maybe resumed today, but the Tel Aviv stock exchange is expected to remain closed for at least one more day.

Officials of the Treasury and the Bank of Israel were locked in urgent discussion yesterday with the heads of five large commercial banks over the detail of the Government's proposed support plan for the bank shares which were hit by a massive selling wave last week.

In principle, the Treasury would underwrite the bank shares, guaranteeing minimum price for them.

Continued on Page 20

Poland set for $1bn trade surplus

By Christopher Bobinski in Warsaw

POLAND'S hard currency balance of trade surplus will exceed $1bn this year, according to Mr Stanislaw Dlugosz, the Government Deputy Planning Chief responsible for foreign trade. The figure came in a newspaper interview published following the departure of a group of Western government officials from the Paris Club of creditors who were in Warsaw last week on a fact-finding mission.

The mission, led by M Jean-Claude Trichet, a deputy director of the French Finance Ministry, marked the first contact between the Polish Government and Western creditor nations since debt rescheduling talks were suspended as a sanction following the martial law crackdown in December, 1981.

Last week's meeting is seen as paving the way for a reopening of debt rescheduling talks on slightly over half Poland's $24bn debt owed to Western governments.

Mr Dlugosz said in his interview that Poland was interested in trade with the West, but he insisted that Western sanctions policy was leading to greater integration inside Comecon and a collective wariness of future ties with the West.

Meanwhile, the shortage of new loans and lower export earnings than expected have forced the authorities so far this year to cut back hard currency imports to be able to service current debt rescheduling agreements with Western banks. After eight months, the hard currency trade surplus was worth $820m with export earnings at $3.4bn and imports at $2.6bn.

At the start of 1983, planners were expecting to make interest payments of $1.8bn on Poland's debts, financed by a $1.1bn trade

Continued on Page 20

Britain signals firm stance on EEC demands

BY JOHN WYLES IN ATHENS

BRITISH MINISTERS embarked on a special three-day EEC meeting in Athens yesterday broadcasting their readiness to risk rendering the Community unable to finance expenditure to which is committed unless Britain wins its demands for long-term cuts in its budget payments and real economies in farm spending.

The British delegation deliberately emphasised its "no surrender" approach and relative isolation on these two main issues before discussions involving Community agriculture ministers as well as foreign and finance ministers.

A British Government spokesman warned that the UK would block any increase in the EEC's budget income – its "own resources" – unless it secured a strict financial guideline limiting the annual growth of farm spending together with a permanent arrangement pegging Britain's payments to the EEC budget.

At the same time, the apparent inflexibility of the British position was set out by Mr Nicholas Ridley, Financial Secretary to the Treasury, who said on radio. "I do not think there is any question of the British Government recommending to the British parliament that own resources should be increased unless these conditions are met to our satisfaction," he said. EEC budget revenues, made up of customs duties, farm levies and VAT payments, are currently subject to the legal limit of 1 per cent of retail spending in member states on a common basket of goods and services.

The British stand, if maintained, would force the Community into a radical cutback of its activities to avoid financial crisis within the next year or so because all but a tiny fraction of its income is now being spent.

With the Conservative Party conference being held this week and parliament reassembling at the end of the month the Government has good domestic political reasons for avoiding any softening of its approach to the main EEC reform issues.

Its hard line was also emphasised because of an attempt by the Greek presidency of the Council of Ministers to suggest that negotiations should proceed on some Common Agricultural Policy economies and on budget reform without taking much account of British positions.

In a paper prepared for the meeting, Mr Grigoris Varsis, Greece's European Minister and acting president of the Council, specifically advised the Council against negotiating on a British proposal for strict measures to keep the annual growth of farm spending below the increase in own resources.

He also omitted any mention of the need for discussion of the British "safety net" proposal. This would place limits on the net budget payments of all member states whose gross domestic product is below the Community average.

The three-day session had a slow start yesterday with most ministers repeating familiar positions.

The presence of agriculture ministers did not take discussions notably forward on the Commission's proposal to curb milk production and to pay for the disposal of some of the dairy surplus with a special levy on output above 1981 levels plus 1 per cent.

Some heat was generated by M Claude Cheysson, the French External Affairs Minister, when he con-

Continued on Page 20

Greece's economy, Page 19

Bonn in move to cut coal over-production

BY JONATHAN CARR IN BONN

THE WEST GERMAN Government has agreed with coal industry leaders and trade unionists to try to cut the huge over-production in the industry through more short-time work, not dismissals.

At a key meeting here yesterday, the Government not only pledged to maintain its massive financial aid for coal, the only major energy resource the country has, but also, for the first time, gave its assent to a trade union plan for the introduction of so-called "adjustment shift work."

The scheme is intended to bring down production gradually into line with sales, while over-capacity in the industry is cut.

These "adjustment shifts" amount to short-time work under another name – with the difference that they are expected to be paid at a higher rate than that normally paid for short-time work.

The effect seems bound to be an extra bill for someone eventually – although after yesterday's "coal round" of talks it remains unclear who it will finally be.

The talks, chaired by Count Otto Lambsdorff, Economics Minister, came against a background of growing crisis in the industry, caused above all by the collapse of coal demand from the steel sector.

With coal production estimated to be running at about 10m tonnes annually above sales, surplus stocks already total more than 35m tonnes. This is far above the level required by the state as a national energy reserve.

Over the last decade the Federal and regional governments together have put up more than DM 40bn ($15.4m) in aid for the coal sector, and the new centre-right coalition has been seeking for months to limit further outlays.

But pressure to keep jobs for a "transitional period" while capacity is cut has been intense, above all from the key coal-producing area of North Rhine-Westphalia. This state already has one of the country's highest unemployment rates.

Bonn rejected the suggestion that it take new steps to limit imports of cheaper coal

Argyle diamond mine expands

BY GEORGE MILLING-STANLEY IN LONDON

THE Western Australian Government gave its approval yesterday for the vital second stage of development of Argyle Diamond Mines, set to become the world's biggest producer of diamonds. At the same time, the state government announced the acquisition of a 5 per cent equity stake in the A$450m (U.S.$412.8m) venture.

The agreement clears the way for the development of the main diamond-bearing kimberlite pipe at Argyle, which is now expected to come into production in late 1985 or early 1986.

Argyle's output will rise from the present 5m carats of diamonds a year in around 25m carats, adding about 50 per cent by volume to current western world production.

The increase will be much smaller in terms of value, perhaps as little as 4 per cent, as the bulk of Argyle's production will be of the cheaper industrial material, rather than gemstones.

The Western Australian Government has secured its interest in the project through the purchase for A$42m of Northern Mining, one of the original joint venturers, from Bond Corporation, Mr Alan Bond's master company.

The state authorities' involvement is the first step towards a Western Australian Development Corporation, which is expected to take small equity stakes in natural resources projects in the state. Shares in the corporation, which will be formally set up next March, will be offered to the public.

Mr Brian Burke, Western Australia's Prime Minister, yesterday rejected allegations that the move into Argyle was "creeping socialism". He said his Government did not want to be regarded as "brigands who walk into every resources development going", and added that the decision was made on commercial grounds.

The Government has no intention of getting involved in the operation of natural resources projects, Mr Burke said. It is simply marking out the direction in which it wants to proceed.

Apart from the purely commercial criteria stressed by Mr Burke, the Western Australian Government has made no secret of its wish to gain an insight into the workings of the state's industries, with particular reference to new projects.

Beyond that, there has been a certain sense of embarrassment at the fact that a foreign government has an interest in Argyle, while there is no investment by the Australian authorities.

Malaysia Mining Corporation, controlled by the Malaysian Government, has an interest in the project through its 50.1 per cent holding in Ashton Mining, which has a stake of 38.2 per cent in Argyle Diamond Mines.

Mining, Page 34

CONTENTS

UK ready to back Commission against British Telecom

BY PAUL CHEESERIGHT IN BRUSSELS

THE BRITISH Government is poised to intervene in an EEC competition dispute against British Telecom. It will side with the European Commission, which has condemned the state telecommunication agency for abusing its dominant position in the market.

But the Government will not be seeking from British Telecom any action which the latter has not already taken. Rather, it appears to be readying itself for a pitched legal battle with the Italian Government over the application of EEC competition law to state monopolies.

The case started last year when the Commission, which can act unilaterally on matters of competition law, found that British Telecom had abused its dominant position by prohibiting private UK message-forwarding agencies from relaying telex messages received from and going to other countries.

The Commission did not fine British Telecom. It had made its point in the EEC's first telecommunications competition case.

British Telecom had already decided to back away from its prohibition and, even when the prohibition had been in place it did not seek to force compliance by disconnecting the companies involved from the network.

At this stage, enter the Italian Government. It took the Commission to the European Court of Justice. Behind its technical arguments about whether the Commission should have used this or that article of the Treaty of Rome to act against British Telecom, there was one salient point. This was that the Commission should not seek to tamper with state monopolies. This is the opposite of what the UK Government has in mind, not least with its plan to return British Telecom to the private sector.

So now the British Government is ready to swap arguments before the Court in support of the Commission condemnation of British Telecom and against the Italian Government.

The British policy is to enhance competition at home. It follows that it wants to enhance it elsewhere in the EEC.

Whitehall has not definitely made up its mind on an appeal to the Court, but court officials in Luxembourg said yesterday that it had asked for, and received, permission to intervene. Soon the president of the Court will set a deadline for that intervention.

Brussels blocks Dutch aid to textiles industry

BY OUR BRUSSELS STAFF

DUTCH GOVERNMENT plans to help the modernisation of its textiles industry with subsidies have run into opposition from the European Commission and will have to be suspended for at least a month.

Commission concern about the nature of the subsidies is a further indication of its increasingly rigorous attitude to the use of state aids for ailing industries.

Theoretically, such aids are completely banned, but the Commission can make exceptions.

Recently it won a case in the European Court of Justice against the French Government on the issue of tax concessions to the textiles industry.

The Dutch plan provides for the state to pay 20 per cent of new investment in plant and machinery and to meet part of research and development costs.

The Commission yesterday pointed out that previous Dutch programmes on similar lines had not apparently solved the problems of some sectors

It is concerned too that the level of projected private sector investment is too low. It wants help directed at viable parts of the industry.

The aid plan is stalled until modifications are made to meet Commission objections.

Turin's Communist mayor forced to resign

BY JAMES BUXTON IN ROME

THE ITALIAN city of Turin, whose government has been in turmoil since a scandal broke there in March this year, was expected to lose its Communist mayor today with the resignation of Sig Diego Novelli. This could have serious repercussions at the national level.

Sig Novelli, regarded as one of Italy's most successful Communist mayors, is having to resign because of the withdrawal of support for him by the Socialist Party, led by Sig Bettino Craxi, the Prime Minister.

The Socialists in Turin objected to Sig Novelli's apparently high-minded handling of the scandal over building contracts which involved the then Socialist deputy mayor and other officials of the Socialist, Communist and Christian Democrat parties. The Socialists say that Sig Novelli, who was personally untouched by the scandal, should have told them they were under investigation before calling in the public prosecutor to investigate the corruption allegations.

Sig Novelli, who became mayor when the Communists swept to power in several big cities in 1975, was considered an honest and effective administrator of the city at a difficult time, as it faced trouble from left-wing terrorists and then the 1980 trauma of large-scale lay-offs at Fiat, the city's chief employer. Despite his permanently mournful look, he enjoyed considerable popularity.

Though the Socialists insist that the crisis in Turin is a local matter, it cannot fail to affect their relations with the opposition Communists, with whom they are in coalition in many local governments. Paradoxically it comes at the time when the Socialists are resisting pressure from the Christian Democrats to form local government coalitions with them rather than the Communists.

In Naples, meanwhile, the former Communist mayor, Sig Maurizio Valenzi, and some of his elected officials have received judicial communications in connection with building contracts in the city. The Communist administration was brought down earlier this year and new elections are to be held in a few weeks.

Danish oil licence round begins

By Hilary Barnes in Copenhagen

EIGHT DANISH companies and 24 international oil companies have applied for licences to explore for oil and gas in Danish onshore and offshore areas under the terms of Denmark's first licensing round.

The Danish areas have been opened up to new applicants after A. P. Møller, the Danish shipping and industrial group, under strong political pressure relinquished the exclusive licence to all Danish areas which it was granted for 50 years in 1962. So far, Møller has given up 50 per cent of the area, and, when the procedure is completed in 1986, it will retain only 1 per cent of its original licence area.

The first licensing round opened on June 10 and the time limit for applications expired yesterday. Mr Knud Enggaard, Energy Minister, said he was satisfied with the response. "We have now a new starting point for strengthening oil and gas exploration," he said. The companies have applied for blocks on land, in the North Sea, and other offshore areas, he said.

Licences will be awarded when negotiations with the applicants are completed, probably by the end of this year. The Danish state oil company, Dansk Olie og Naturgas, has a right to a minimum 20 per cent share in all licences on a carried interest basis; that is, it will not carry the exploration costs but come into consortia when and if they make finds.

None of the three companies participating with Møller in the Danish Underground Consortium, which is producing oil from three small fields in the North Sea and next year begins to deliver gas for Danish users, Shell, Standard Oil of California and Texaco, is among the applicants in the new round. Other notable absentees are Exxon and Mobil.

The Energy Minister did not announce the consortia arrangements, but among them are:

- Britoil as operator with Amerada Hess, Olieselskabet Danmark (the co-operative movement's oil company) and Dansk Landbrugs Grovareselkabet (the co-operative movement's agricultural feedstock organisation).
- BP as operator for a Nordic consortium with Svenska Petroleum, the state-owned Swedish oil company, OK Development, the Swedish co-operative movement's oil company, Neste, the Finnish state oil company, and Grepco, a consortium of seven major Danish companies.

IAEA head backs China membership

VIENNA — The International Atomic Energy Agency opened its annual conference yesterday with a message from Mr Hans Blix, its director - general, favouring China's admission.

He also referred in a carefully worded speech to the need for an international treaty to ban military attacks on civilian nuclear reactors, reminding members of a row that put great strain on the UN-affiliated body last year over Israel's 1981 raid on an Iraqi plant.

The IAEA's board of governors has approved China's application for membership, and recommended it to the 111 agency members for acceptance.

China is seeking foreign technology for its civilian nuclear programme, which will be more accessible if it belongs to the IAEA.

Reuter

The recession is taking its toll of industrial peace, writes **Kevin Done** in Stockholm

Swedish employers buck the wage system

THE SWEDISH collective bargaining model is fraying at the edges. Since the mid-1950s the remarkable harmony and stability of the Swedish labour market has been supported by one of the world's most centralised wage negotiation systems. But several years of recession and declining real incomes have begun to open up severe cracks in the edifice.

For the first time in almost 30 years the employers are going into a new wage round to negotiate settlements sector by sector rather than on a nationwide basis for all industries. They are fully aware that such a step entails a considerable threat to Sweden's industrial peace.

The switch to sectoral pay talks also poses a serious danger for the Government's delicately-balanced anti-inflation strategy. Sweden is vitally dependent on moderate wage settlements in 1984 to get anywhere near the much lower inflation rates of its international competitors such as West Germany, Japan, the U.S. and the UK.

The change in the form of national collective bargaining has long been considered both inevitable and desirable by business leaders keen to get more flexibility and greater room for incentives into Swedish pay system. The trade unions, for their part, are still trying to maintain an outwardly united front, but it is clear that the movement's dearly-held tenets of "solidarity wage policy" are being put to a serious test.

The first real signs of the strains involved in centralised wage negotiations emerged in 1980, when a major labour conflict erupted with strikes and lockouts affecting more than 600,000 blue collar workers. The quick settlement reached a year later between SAF, the Swedish employers federation, and LO, the confederation of blue collar trades unions, suggested that the Swedish model's obituary had been written too soon.

> A change in the form of national collective bargaining has long been considered both inevitable and desirable by business leaders keen to get more flexibility and greater room for incentives into Swedish pay bargaining. The unions are still trying to maintain an outwardly united front, but it is clear that the movement's dearly-held tenets of "solidarity wage policy" are being put to a serious test.

Developments this year, however, have underlined that the pressures for change can no longer be denied.

In the 1983 wage round earlier this year, SAF and LO did manage to hammer out a national agreement, but only after the engineering industry employers and Metall, the most powerful private sector union, had already broken away to make their own settlements.

Since 1956, Swedish collective bargaining contracts have been based on a national framework agreement between SAF, LO and PTK, (the white collar workers). This has been followed up by union and local contracts which have specified how the centrally agreed benefits were to be distributed.

Mr Olof Lunggren, SAF's Director General, agrees that centralised wage bargaining made a great contribution to industrial peace in Sweden, but says it must change with the loss of economic growth.

Mr Pehr Gyllenhammar, chairman of Volvo, Sweden's largest industrial corporation, has already expressed the hope that the move back to sectoral pay talks is only a step towards company level wage bargaining. But such a process will be fought bitterly by the Swedish trade unions.

SAF may have chosen to leave negotiations to its 36 member associations, but LO—Sweden's largest employee organisation with more than 2m members—is still clinging to its traditional position at the centre of the spider's web.

"We will still follow traditional Swedish wage bargaining policies," insists Mr Stig Malam, head of LO. "We will put together a detailed submission within LO and all our 24 member unions will make the same claim." Exactly where it goes from there has not yet been decided.

"We could choose one key industry, say the engineering sector, and push on there until we get a settlement that can then be applied in the rest of industry," says Mr Malam, "or it could be that no union will sign an agreement until all the others are also ready to settle." LO would be ready to bring out its members in the powerful engineering industry or at vulnerable nerve points in the economy, such as ports or road haulage, to force a settlement elsewhere.

For LO there is a lot at stake. Central bargaining has been the most important tool for implementing its "solidarity wage policy" which has sought successfully to narrow pay differentials between various groups on the labour market. Despite the fact that market forces have pulled in the opposite direction, the pay span in the LO sector has narrowed considerably.

The Swedish pay model has forced out of business many less profitable companies unable to pay special low-income supplements primarily in the textiles, clothing and shoe industries—but it has also meant that successful groups like the automobile producers have got away with paying their workers less than their West German or U.S. rivals.

Mr Malam maintains that solidarity wage policy has forced Swedish industry to re-structure. "In Italy, Spain or England they have much lower wages but they don't have lower unemployment. We would not solve our problems with lower wages." The unions claim that their undeniable central bargaining power has also made them willing to moderate wage claims when they felt it to be in the national interest.

At present their moderation in last year's wage round combined with the 16 per cent devaluation by the Social Democrats immediately after their return to power last October, is leading to a powerful surge in the profitability of many of Sweden's leading businesses. Continuing pay restraint in the face of booming profits can only come at a price, and for LO the current price tag is further social reform—this time in the form of the early introduction of wage earner funds, a plan—bitterly opposed by employers—to give trade unions shareholdings in industry.

The Social Democratic Government badly needs its union allies to stand as guarantors for moderate wage rises as it battles to pull down the inflation rate and get the economy moving. Real disposable incomes have fallen for the last three years, however, and the strains of economic stagnation and inflation are working to undermine the traditional balance of interests between the employers, the unions and the Government.

Bundesbank seeks wider lending data

By John Davies in Frankfurt

THE BUNDESBANK, West Germany's central bank, is seeking to widen its flow of up-to-date information about the foreign lending involvement of the country's banks.

It has sent a letter to associations representing the various types of banks, seeking regular information about banks' foreign subsidiaries.

The central bank already receives detailed information about foreign branches of West German banks for its monthly statistics. Data about foreign subsidiaries, however, is limited to their borrowing and lending business with West Germany.

The Federal Association of German Banks said yesterday that the banks already provided detailed information, including data from foreign subsidiaries, to the Federal Banking Supervisory Office in West Berlin on a quarterly basis. The banks did this under a so-called "gentlemen's agreement," with the result that the supervisory office could judge the credit position of banks.

The Bundesbank, however, takes the view that its present flow of statistics contains a considerable gap. Information derived from an improved flow of statistics would also be passed on to the Bank for International Settlements in Basle to assist the monitoring of the international debt situation.

Oil stocks increase by 1.3m b/d

BY RICHARD JOHNS

OIL STOCKS on land in the industrialised countries increased at a rate of 1.3m barrels a day in the third quarter and rose by October 1 to 93 days of anticipated consumption, according to the International Energy Agency.

That compares with only 74 days' supply at the same point in 1979 when the revolution in Iran first seriously affected exports from that country and set in motion the escalation of prices in the following two years.

Stocks held by companies, however, had fallen to only 78 days of forward consumption compared with 76 days four years previously, according to the IEA's latest monthly market report.

The healthier situation has been accounted for by the build-up of inventories held by governments from the equivalent of four days' supplies to 15 days.

Companies were responsible for 1m barrels a day of the overall increase in stocks during the third quarter, when inventories traditionally are built-up with the approach of winter, and governments the 300,000 b/d balance. No less than three-quarters of rise was accounted for by the U.S. and Canada.

The Paris-based agency calculates that total demand for oil from member states of the Organisation for Economic Co-operation and Development fell by only 1.5 per cent in the third quarter, the lowest drop since 1979.

In its latest assessment, the IEA has not revised an earlier forecast of 2.6 per cent in the OECD. For the non-Communist world as a whole, it is expected to rise by 2 per cent in the October-December period and maintain that rate throughout 1984.

- Coal will emerge as an increasingly important energy source by the end of the decade with consumption among Western industrialised nations growing by 47 per cent to 1,176bn tons of oil equivalent, according to the IEA.

In the first of a series of annual reports on coal, the agency said the expanded use of coal will be most significant in the industrial sector as consumers seek cheaper alternatives to oil and natural gas.

Spain did prevent Rock raid

By David White in Madrid

THE SPANISH Government confirmed yesterday that what were assumed to be Argentine saboteurs had been caught trying to get into Gibraltar during the Falklands war last year.

But it left in doubt whether the men—who were sent back to Argentina — were on an official mission.

The incident was clearly a potentially serious political embarrassment to the Spanish Government of the time, which sided with Argentina over its sovereignty claims in the Falklands and condemned the use of Gibraltar as a support base by the Royal Navy.

A statement was issued yesterday after inspection of official records and consultations between Sr Fernando Moran, the Socialist Foreign Minister, and his predecessor in the centrist Government, Sr Jose Pedro Perez-Llorca.

Confirming a British Press report, the ministry said that "a group of Argentine citizens" had tried to pass from Spain to Gibraltar—without specifying how many or at what date—with the presumed intention of attacking British military installations there.

It supported the previous Government's action in intercepting and expelling the commando. It had behaved "correctly" in preventing illegal acts which could have had incalculable political and diplomatic consequences, it said.

East bloc summit delayed again

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

PRIME MINISTERS of the 10 member countries of Comecon are to meet in East Berlin on October 18, it was announced yesterday, thus postponing yet again the long-awaited summit meeting of party leaders to discuss reforms inside the East bloc economic organisation.

The East Berlin meeting will be the regular annual gathering of Comecon heads of government to co-ordinate short and medium term national plans and to take stock of East bloc economic integration. But this year it was not held as usual in the summer, evidently to clear the timetable for a summit of party leaders, which would have been the first dealing with Comecon business for 12 years.

The summit did not materialise then and, because the regular ministerial meeting is going ahead this month, does not look likely this year. East European leaders have called repeatedly for a summit, partly as a response to Western moves towards tougher trade controls. The late President Leonid Brezhnev in the last two years of his life backed the idea, but President Yuri Andropov, with domestic economic and arms control problems on his plate, has stayed silent publicly on the issue.

A Comecon summit has been bedevilled by disagreement on the agenda, with each country in the organisation, which groups the Soviet Union, its six East European allies, Cuba, Vietnam, and Mongolia, evidently pushing its own special interests.

Dutch could postpone gas price rise

Financial Times Reporter

MR GIJS VAN AARDENNE, Dutch Economics Minister, says he is prepared to postpone a gas price rise for small users until April 1984 – but only if the resultant Fl 105m ($36.3m) budget deficit is compensated by a temporary rise in tobacco and alcohol duties.

The Minister's proposal is the latest move in a long-running battle between the Dutch gas utilities, which support a pegging of the small-user price, and the Government-backed National Gas Corporation, Gasunie, which wants a 3.4 Dutch cents a cubic metre increase from January 1984.

Gasunie supports continued linking of gas prices to those of heating oil, which will push up the price for small users (up to 170,000 cubic metres a year) by 3.4 cents in 1984 to a total 52.6 cents a cubic metre.

Honeywell launches new system

BY RAYMOND SNODDY IN BRUSSELS

HONEYWELL, the international computer company, yesterday announced what it claims is the first fully integrated process management system.

The new system is the result of a seven-year research and development programme costing $80m. Mr Michael Bonsignore, president of Honeywell Europe, said in Brussels yesterday that the new product "allows a plant's process control product, planning and business data to be merged into a single unified information and control resource. It makes total plant management possible for the first time."

The new development is a successor to Honeywell's TDC2000 system introduced in 1975, which has an installed user base worth $1bn.

Honeywell says it has about 50 per cent of the European market for process management systems, and hopes to maintain the momentum in a period of growth with its new product, TDC3000.

The company says it will give everyone from the process operator to corporate management a "single window" to all relevant plant data – real time or historical at the push of a button. The information is called up on a bank of six video screens.

The new system, which will be introduced in 1984 and go into volume production in 1985, is based on distributed computer power and discreet modules linked together in the control room by a high-speed local control network. Fibre optic connections are used to bring data from as far away as several kilometres.

The new system is designed for everything from petrochemical plants and refineries to pharmaceutical and food processing plants and paper and pulp mills. All the information is available in the manager's office as well as the control room.

Software will be developed, Mr Bonsignore said, to connect with as many existing process control systems as possible.

Mr Bonsignore said he believed the new project would give Honeywell the lead over its main competitors in this field, such as Foxboro and Fisher Controls of the U.S. and Siemens of West Germany.

The cost of the new system will range from around $100,000 to $10m. The company says initial studies suggest the payback period for a $2m system could be less than a year. Current UK users of the TDC2000 include Shell, BP, Esso and Mobil.

The basic controller of the present Honeywell system is manufactured at a Honeywell high-technology unit at Newhouse, near Glasgow.

Within a couple of years, the control modules of the new system may also be produced there, with the possibility of an increase in jobs.

Swiss inflation rate at 1.4% in September

By John Wicks in Zurich

THE SWISS inflation rate fell to an annual 1.4 per cent last month, the lowest level since January, 1979. The rate has been falling steadily since April, when it was still at 4.8 per cent.

The further slowdown in the cost of living index is accompanied by a reduction of interest rates on the Swiss capital and money markets. In keeping with the overall downward trend in capital market yields, the cantonal banks have just announced a decrease in the coupon on their three to five year cash bonds from 4.75 per cent, seven-year bonds remaining at 4.75

The four leading banks – Union Bank of Switzerland, Swiss Bank Corporation, Credit Suisse and Swiss Volksbank – had last week reduced time deposit interest rates from 3.75 to 3.5 per cent for all maturities from three to 12 months.

Government unveils SKr 2bn jobs creation package

THE SWEDISH Government is to launch a SKr 2bn (£174m) job creation package aimed at cutting youth and long-term unemployment as the first of a series of economic measures planned during the autumn, writes Kevin Done.

The minority Social Democrat administration has been coming under increasing pressure from the unions and party activists to take urgent steps to slow the rise in unemployment. This has jumped to its highest levels since the 1930s, despite the improvement in the economy during the past 12 months.

The Government's apparent inability to stem the tide of unemployment is one of the main factors in its declining popularity since it took office a year ago.

The latest survey of voters' preferences by the Swedish Opinion Research Institute (Sifo) gives the three centre/right opposition parties a clear lead with 49 per cent against 48 per cent for the Social Democrats and the Communists.

The employment programme aims to create around 55,000 new jobs in the first six months of 1984. It comprises three main elements:

- Employers will be encouraged to bring forward the recruitment of new staff with the state paying half the wage costs of new employees for the first six months. The measure is aimed chiefly at creating jobs for young people and the long-term unemployed.
- The Government is seeking to abolish unemployment among 18-19-year-olds. All people in this age group are to be offered some form of work or training. Local authorities are to be compelled to create so-called "youth teams" for all those that cannot find jobs on the open labour market.

These teams will work for four hours a day in areas such as child care or environmental programmes and will be paid at market rates. The aim is to ensure that all receive some form of work experience when they leave school instead of them going straight on to social security.

- Construction activity is to be stimulated by the state, bringing forward SKr 730m (£63m) worth of building projects.

The employment package is supposed to be financed by cuts in other areas of state spending which the Government is planning to announce later this month.

Unemployment officially was running at 4.1 per cent in September but nearly 8 per cent of the workforce is unable to find work on the open labour market. In addition to the 177,000 out of work last month, a further 142,500 were engaged in relief work or other job creation measures which are now costing the state around SKr 20bn (£1.7bn) a year.

Unemployment among people under 25 was running as high as 11.8 per cent last month. "We cannot accept that young people leave school to become unemployed, and that thousands of young people begin their adult lives living passively on social security rather than earning a living," said Mrs Anna-Greta Leijon, the Labour Minister, announcing the package yesterday.

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Australian move to ban mining of uranium

By Michael Thompson-Noel in Sydney

TO THE acute embarrassment of the Labor Government in Canberra, the Australian Democrats will today introduce a private members' Bill in the Senate (Upper House) that seeks to outlaw the mining and export of uranium.

Senator Don Chipp, leader of the Democrats — the smallest of Australia's four political parties—said last night that the Bill would also seek to prohibit any moves towards establishment of nuclear power or uranium enrichment plants.

Australia has the world's biggest reserves of low-cost uranium.

The Democrats' Bill stands little chance of passage. But it is bound to inflame passion within the ruling Australian Labor Party (ALP), the left-wing of which bitterly opposes uranium mining.

Mr Bob Hawke, the Prime Minister, favours development of uranium mining, and indicated recently that the massive Olympic Dam copper-silver-uranium find at Roxby Downs, in South Australia, would go ahead as planned.

Olympic Dam is thought to contain at least 1m tonnes of uranium. The partners are Western Mining Corporation and BP Australia.

At present, the only mines producing uranium are Ranger and Narbarlek, both in the Northern Territory, but there are numerous other major prospects, in addition to Olympic Dam.

The Government is due to formalise its starts on uranium soon, as a means of combating left-wing opposition.

The Democrats' Bill—which seeks to exploit the contradictions Labor's official party line on uranium—will be debated in the next few days. In part ALP policy calls for full winding down of uranium mining, treatment and export.

Senator Chipp said: "I regard the nuclear question now as far bigger than any other question that we face—it makes everything else pale into insignificance. I have been in this parliament for 23 years but I am not thought of as a fruitcake. Now is the crunch time."

Philippines inquiry panel quits

By Emilia Tagaza in Manila

THE INVESTIGATION into the assassination of Benigno Aquino, the Philippine opposition leader, has again suffered a serious setback. The four members of the commission set up by President Ferdinand Marcos have resigned.

Arturo Tolentino, who had been designated chairman of the commission, said he was declining the appointment, but said he would serve in a different forum.

The former chairman, Enrique Fernando, who is also chief justice of the supreme court, resigned from the commission two weeks ago.

Retired supreme court justice Felix Antonio, speaking for other commission members, said that it was painful to serve in a commission which was having its image publicly questioned.

He said it was time for Mr Marcos to create a panel "acceptable to all sectors of society in order to remove all doubts about the sincerity and determination of the government."

Mr Fernando resigned after three lawyers' groups filed petitions challenging the impartiality and legality of the panel.

Benigno Aquina was killed at Manila Airport on August 21.

Reuter adds: President Marcos has warned Prime Minister Virata against making controversial political statements. Mr Virata had said that the administration was not discounting the possibility that some elements in government might have been involved in the murder of the opposition leader.

Ha also said that he did not think a reimposition of martial law was the answer to the country's difficulties.

Greeks to police Lebanon ceasefire

By Nora Boustany in Beirut and Andriana Ierodiaconou in Athens

GREECE yesterday agreed to send 100 troops to help police the ceasefire in Lebanon amid indications that the U.S. attempts to push tha warring factions into talks on long-term peace were succeeding.

The Greek decision follows agreement by Mr Amin Gemayel, the Lebanese President, and Syrian-supported opponents of his Government to have 600 observers from Greece and Italy to oversee the ceasefire.

This broad support for the request finally overcame the hesitations of the Greek Government, which last week kept silent after an appeal for observers was made during a visit to Athens by Mr Walid Jumblatt, the leader of the Lebanese Druze opposition forces.

Close ties

The Socialist Government of Dr Andreas Papandreou, which has close ties with the Arab world, has been keen to assume an active diplomatic role in the Middle East. As president of the EEC Council of Ministers, Greece has tried to drum up support for a European Community peace initiative in the Lebanon.

An Italian response, however, was not immediately forthcoming, with reports from Rome suggesting that, while Italy would be prepared to provide observers, it would not be able to unless the request was endorsed by all of the Lebanese warring factions.

Meanwhile, in Beirut, the efforts by Mr Robert McFarlane, the U.S. special envoy, to nudge Lebanon towards a national reconciliation conference were beginning to make headway, with Government officials saying that a preliminary meeting might be held as early as tomorrow.

This would begin to take up the central issue of political reform that could provide for a more balanced distribution of power among Christians and Moslems.

Syria, which had objected to holding the discussions on Lebanese soil, has apparently backed away from this demand after the Saudi capital of Jeddah was finally excluded because of Syrian demands.

Meeting place

Unconfirmed reports suggest that the presidential palace in Baabda may become the final meeting place. But there has been no official reaction to this proposal from opposition forces, and Mr Jumblatt'a deputies in Beirut say that be is still unlikely to accept.

Participants in any conference would necessarily include representatives of the opposition National Salvation Front, the Christian Lebanese Front, Moslem and Christian parliamentarians and deputies of the Shi'ite Moslem Amal movement.

Beirut's leading newspapers yesterday suggested that Yugoslavia might also offer ceasefire observers in addition to any from Italy and Greece.

Athens was recently diplomatically ostracised for blocking EEC condemnation of the Soviet Union for the shooting-down of the Korean airliner, and the Papandreou Government is understood not to have wished to risk further political isolation by responding to Mr Jumblatt's single faction request.

Special session

One year ago, Greece had volunteered to participate in the multinational peace-keeping force in the Lebanon, but this was reportedly vetoed by Israel at the time.

Meanwhile, West German officials in Athens said that Monday's special political co-operation session called for Friday by Mr Hans Dietrich Genscher, the West German Foreign Minister, would be devoted to a review of East-West relations. They said this was in advance of a planned meeting in Vienna next week between Herr Genscher and Mr Andrei Gromyko, the Soviet Foreign Minister.

Chris Sherwell, South-East Asia Correspondent, reports on Sunday's attack in Rangoon

Bomb blast may shake Burmese rulers off course

SUNDAY'S BOMB explosion in Rangoon, which killed four South Korean Cabinet Ministers and 15 other people, is a severe embarrassment for the Burmese Government and especially for General Ne Win, the country's ruler for the past 21 years.

In the view of diplomats in South-East Asia, the attack is a worrying comment on the standards of security in Rangoon following a recent purge of key Government figures, and could prove a setback for those wanting to see Burma emerge from its traditional isolationist stance.

The state visit of President Chun Doo Hwan of South Korea—his first stop on a six-nation Asian tour subsequently aborted — looked to some like another tell-tale sign that Ne Win might at last be starting to shed the cocoon he spun around Burma after overthrowing the country's civilian government in 1962.

Suggestions that this could also involve a tilt to the West have been fuelled by developments like the resumption of U.S. aid in 1981, the visit of a high-level British mission earlier this year and a new "Look West" approach to education allowing increasing numbers of Burmese to study abroad.

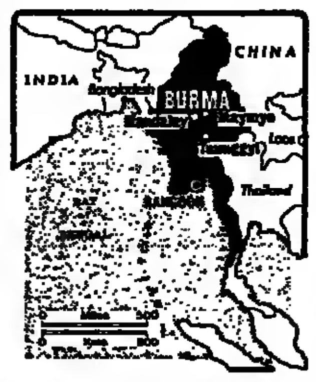
In fact, the Government has for the most part, studiously sought to remain neutral between East and West. It has maintained cordial relations with both Washington and Moscow and, more relevantly, has allowed both North and South Korea to maintain a presence in Rangoon. Indeed, in 1982 the then Burmese Foreign Minister pointedly made trips to both countries in order not to offend either one.

President Chun has been quick to accuse the North Koreans of mounting Sunday's attack but, if their motive seems plausible, the idea doesn't rule out alternative explanations closer to home. Three other groups are being mentioned:

● The Burmese Communist Party, which has been fighting Rangoon since independence in 1948 and is said to have a 12,000-man standing army backed by village militias numbering 8,000. It is based in the north-east, controls large areas of territory and is reported to have forged links with a couple of important non-ethnic Burmese nationalist groups which also reject Rangoon's rule.

● Karen rebels, the second-largest group of insurgents with an estimated 3,500-4,000 soldiers. They were responsible for the last terrorist incident in Rangoon, in September 1982, when an abortive assault was launched on the capital's main radio station and a nearby police post. Burma has more than a dozen identifiable rebel groups, mercenary armies, bands of smugglers and simple outlaws. Their alliances are shifting and their allegiances variable.

● Dissident former members of the Government purged by the 72-year-old Ne Win since May, when Brigadier Tin U, one of his key confidants, was forced to resign the positions which made him the third most powerful man in the country and the



strongest candidate to succeed as leader. Tin U had risen to become joint General Secretary of the powerful Burma Socialist Programme Party, the country's only party, headed by Ne Win—his only formal position.

Out with Tin U, a former intelligence chief, went at least three other ministers (one of them also a former intelligence head), other members of the intelligence community, and several officials in the diplomatic service.

While such government upheavals may have helped to produce the circumstances in which Sunday's attack could occur, they plainly represent only one aspect of a complex network of political forces operating in Burma, a country where the authorities acknowledge that their writ doesn't run across the whole territory.

The scale and precision of the attack seems likely to reinforce speculation over the sort of regime which will emerge in Burma once the ageing Ne Win passes from the scene. Although it is a one-party state ostensibly committed to socialism, its single most powerful influence is the army.

For foreign governments and businessmen, Burma's political stability and economic prospects are now likely to assume renewed importance. The resource-rich country was once one of the world's leading rice exporters, and has the capacity to become a major producer again. It is already the world's largest producer of jade, and supplies some four-fifths of the world's teak.

The country's 35m people, living in an area about the size of France, are among the poorest in the world, and are little better off than their counterparts in Bangladesh or Nepal with a per capita income of around $200 (£135) per year.

If their lives appear to have been slow to improve under Ne Win'a rule, this perhaps overlooks the unquantifiable effects of a vast black market, especially in consumer goods. It has been said that overseas suppliers to the Thai market may unwittingly have broken into the Burmese market already.

Tha most serious implications of the latest developments are probably for Japan, Burma's biggest trading partners and by far its largest aid donor, giving $213m last year. South Korea, the main victim in Sunday's attack, has watched its exports rise from $5.9m in 1980 to $22m in 1982. Hyundai Construction is building the country's largest dam, using Korean labour.

IMF approves £21m Niger loans

BY QUENTIN PEEL, AFRICA EDITOR

THE International Monetary Fund has approved loans totalling SDR 30m (£21.3m) for the government of Niger, where a coup attempt was crushed last week by troops loyal to President Seyni Kountché.

They are a standby credit of SDR 18m (£12.8m) to be drawn over the next 12 months, and a SDR 12m (£8.5m) loan available immediately under the IMF's compensatory financing facility, designed to cushion the effect of a sharp drop in export earnings.

Niger has suffered from the collapse of both the price and volume of its uranium exports since 1981, when they accounted for 80 per cent of total export earnings.

It has also been hit by renewed drought in the Sahel region, and a sharp decline in construction activity, resulting in a real negative growth rate of 1 per cent over the past year, according to the IMF.

The standby credit has been approved in support of an austerity programme which promises a substantial reduction in the Government budget deficit during the coming year. It includes tight restraint on Government current spending, and reform of loss-making public sector enterprises, including both wage restraint and price increases.

President Kountché came to power in a coup following the Sahel drought of 1972-73, and has since then earned a reputation for efficient management and strict control of dissent. Niger has been the only Sahel state to approach self-sufficiency in food production since the drought.

Blast wrecks Transvaal depot

BY J. D. F. JONES IN JOHANNESBURG

SABOTEURS destroyed a petrol depot in the Northern Transvaal resort of Warmbaths early yesterday.

Limpet mines were used to start a blaze which blew up six petrol storage tanks, three railway tankers and a road tanker.

But two more limpet mines were discovered at the local municipal offices and were removed safely. No injuries were reported.

The town was packed with holidaymakers for the Kruger Day weekend.

South Africa has been undergoing an epidemic of sabotage, with limpet mines the favoured weapon. A month ago the Ciskei Government office in Pretoria and several electricity substations in Northern Johannesburg were damaged, and in August the Ciskei consulate-general in Johannesburg was damaged by a bomb.

No organisation has so far claimed responsibility for yesterday's incident, but white South Africans tend to assume that the banned African National Congress has been behind most, if not all, of the attacks.

Earlier this year, the ANC exploded a car bomb in the heart of Pretoria causing many casualties, which gave rise to fears that the organisation was no longer concerned to minimise civilian deaths.

However, most of the sabotage since then appears to be located and timed to lessen the chance of casualties.

Chinese bullies increase divorce rate

By Mark Baker in Peking

A SENIOR Chinese legal official has blamed hasty marriages, bullying husbands and adultery for a significant increase in China's divorce rate.

A total of 370,000 Chinese couples were divorced last year, the highest number for three years.

The deputy director of the civil division of the Supreme People's Court, Ma Yuan, said most of the cases were caused by "hasty or immature marriages, masculine authority of husbands, or the involvement of third parties."

"More peasant women have been asking for divorces in recent years because they cannot stand their bullying husbands," she said.

Ma said that more than 70 per cent of applications for divorce were now made by women aged between 35 and 45 years.

The Chinese authorities actively discourage divorce, but a new marriage law adopted in 1981 enables divorce when there is mutual consent by the couples.

If either partner disagrees, courts may grant a divorce if they find that there has been "complete alienation of mutual affection."

China'a divorce rate has averaged 400,000 cases a year since 1949. But the highest levels were in the years immediately after the Communist revolution.

A recent survey in the industrial city of Tianjin indicated that only 8.4 per cent of marriages involved an individual choice of partners.

Another 10 per cent were arranged by parents, while the rest involved recommendations by families or work units.

No recent statistics have been published on the different reasons cited in divorce applications.

But official figures released late in 1980 showed that out of 397 divorce applications in one Peking district, 115 mentioned "constant quarrels between mothers-in-law and daughters-in-law over financial matters," 77 lack of mutual understanding, 66 the involvement of "a third party," 50 maltreatment, and 48 mental or physical disabilities.

Ma said that about 25 per cent of all couples seeking divorces last year were reconciled.

She said that judicial departments, work units and other Government organisations were making renewed efforts to implement the new marriage law.

Peking move to expel opponents

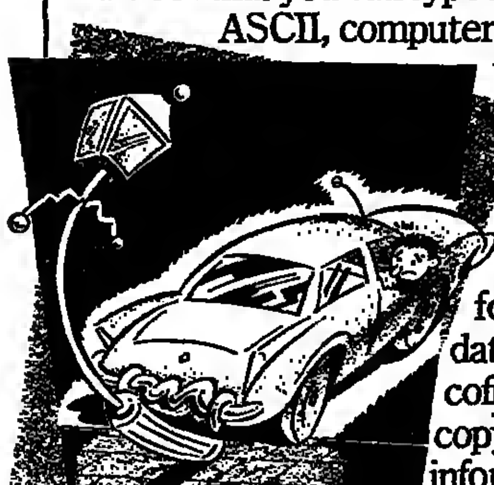
The Communist Party Central Committee is believed to have met in Peking to map out a campaign to reform or expel opponents of the party line, AP reports from Peking.

The Central Committee plenum, or full session, is said to have been under way for several days.

If you thought a ram was only of interest to sheep, read on.

A.

ASCII: Pronounced 'Askey', it stands for American Standard Code for Information Interchange. This international code lays down the binary numbers (0s and 1s) which represent each letter, symbol or number that you can type into a computer. Without ASCII, computers wouldn't be able to talk to each other.



B.

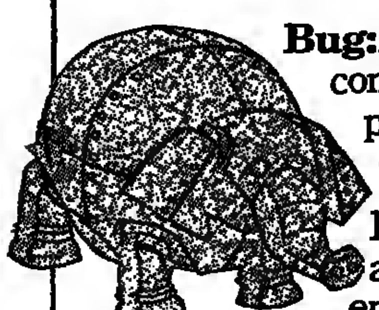
Back-up: The procedure for making copies of vital data in case of fire, flood or coffee damage. Systematic copying and secure storage of information is vital – business depends on it.

BASIC: A computer language conceived to make life easier for novice computer programmers. It stands for Beginners All-purpose Symbolic Instruction Code. BASIC has gone on to become the most widely used programming language for microcomputers.

Binary: Computers use a rather similar code to Morse, which has dots and dashes. Some people might actually call it 'a binary asynchronous communications protocol.' But to put it simply binary means two – just two bits of code are used, just like dots and dashes.

Bit: Having grasped the complex mathematics of 'binary' you'll wonder what to call a 'dot' or a 'dash.' It's simple enough – bit.

Buffer: The place in a computer's memory where you put data before processing it.



bug

Bug: A program error. Coined by early computniks who found that insects played havoc with the workings of their huge machines.

Byte: Short for 'by eight,' normally a group of eight bits which contains enough information to represent an ASCII number, letter or symbol.

C.

Character: Any symbol that can be displayed on a computer.

COBOL: The grandad of computer languages and widely used until the arrival of microcomputers *en masse* a few years ago. COBOL, or Common Business Oriented Language, is used by most mainframe and mini-computers. It's been criticised for being too cumbersome (no computer language pleases everyone) but some micros now run it.

Command Driven: A software package controlled by special command words keyed in by the user. Not for novices, who work better with menu driven programs.

CPU: The Central Processing Unit is the heart of any computer. It controls the other units and applies arithmetic and logic to the data fed in.

Cursor: When typing onto a computer screen you need a way of seeing where you are. The cursor tells you where the next thing you type will appear or indicates characters you wish to delete or move.

daisy wheel

D.

Daisy Wheel Printer: Produces high-quality typing. The printing head resembles a daisy, with preformed characters at the end of spokes. The Merlin printer produces up to 700 words a minute in a variety of typefaces.

Data Management: For business micros. Allows users to maintain files of information either as a simple electronic card index, or as a more exotic enquiry system, able to extract facts and figures and print them out as reports.

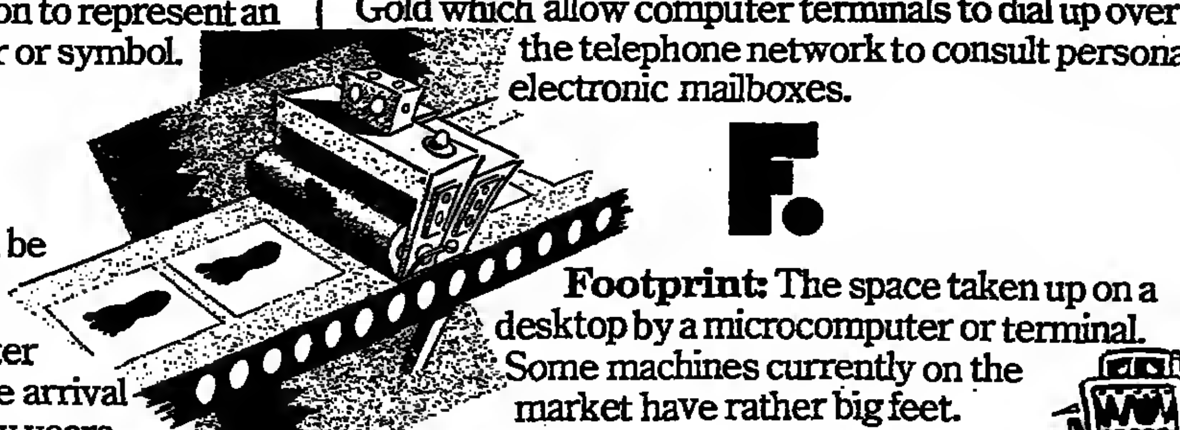
Disk: Computer memory is expensive, disks are cheap. A computer can make magnetic marks on a £5 disk and can store 100,000 words. To keep the same amount inside the computer, you'd need a memory costing the best part of £1,000. Disks are also small and light: a 5 inch disk can be sent by post.

Dot Matrix Printer: One of the ways of printing out results from your computer. A dot matrix printer has a battery of pins which create characters from a pattern of dots.

E.

Eight-Bit or Sixteen-Bit: The computer industry's answer to 'horsepower.' You don't need to know how many bits a computer has. What matters is 'can it do the accounts?' and 'how many people can use it at the same time?'

Electronic Mail: Services such as Telecom Gold which allow computer terminals to dial up over the telephone network to consult personal electronic mailboxes.



footprint

F.

Footprint: The space taken up on a desktop by a microcomputer or terminal. Some machines currently on the market have rather big feet.

G. H.

GIGO: Garbage In, Garbage Out. All too often computer errors are not the machine's fault but the operator's.

Hardware: The mechanical, electronic and plastic bits and pieces of a computer.

garbage

I.

Input/Output (I/O): Input is the information fed into a computer. Output is the information produced by the computer.

Interactive: Computers operate on information in different ways. They may be programmed to store up data and programs and to work on them at a given time: this is batch processing. Or they may be required to respond at once – interactive computing. All microcomputers are interactive.

IPSS: International Packet Switched Service. British Telecom's international computer data transmission service.

K. L.

K: Literally, a thousand. In the computer world there are actually 1024 bytes in a K or Kilobyte (not many people know this – not many people need to).

Language: The native language of a computer is the morse code of the binary system, but writing programs in binary is far too cumbersome and long-winded. So, computers have high level languages like BASIC and COBOL which are more like English and describe the work we want to do.

Programs are written in these languages and then translated into binary or machine codes.

language

M.

Memory: A measure of the power of a computer is its memory capacity. A typical £100 home computer holds about 1,000 characters in its memory – barely enough for a letter.

Something like Merlin's office microsystem (with space for nearly 250,000 characters) can hold a couple of sequels to The Winds of War, and let the accountant run his payroll program at the same time.

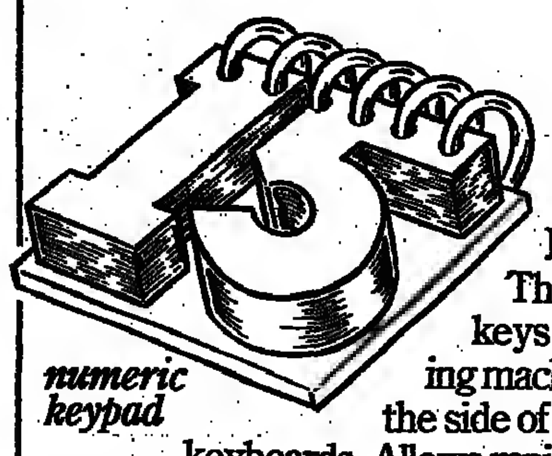
Menu: To make life easier, many programs ask the operator what he wants to do. They present alternatives – a menu. The MerlinMaster menu program, a feature of the M2200 series, presents you with a list of alternatives. In plain English.

Microspace Justification: A feature of better quality printers that allows printing to look as good as typeset text, with words stretched evenly across the full width of the column.

Modem: Short for modulator/demodulator. It enables you to attach your computer to a telephone line, translating computer signals into those used by the telephone network.

Merlin is the biggest supplier of modems in the country.

Multi-user: Merlin's M2235 microcomputer is powerful enough to support the work of more than one terminal at a time.



N.

Numeric Keypad: The layout of numeric keys borrowed from adding machines and added to the side of modern computer keyboards. Allows rapid input of figures, given the right fingertips.

O. P

Operating System: The operating system keeps track of all those bits and bytes. It tells your machine how to start working and how to interpret any instructions you give it.

Peek: The command you give the computer to move information out of its memory.

Peripherals: The printers, disk drives, keyboards and so on which enable information and programs to be fed in and out of a computer.

Poke: The command you give the computer to move information into its memory.

Port: Point inside a computer where a connection can be made between its processor and peripherals outside the machine.

Q. R

Qwerty: The classic typewriter keyboard is known by the six letters on the top left hand keys: QWERTY.

RAM: For a computer to work, it has to run a program which has to be inside the computer. It probably takes about 10,000 code words, and they are fed, one at a time, to the central code processor, which the computer is best left to do by itself (it can read its own memory circuits the way you can read a newspaper story).

It can read any memory circuit it likes, at random. That's why it's called 'Random Access' Memory. However, it isn't random. It's fast, direct access. (See ROM).

Report Generator: A program designed to let you select and lay out information that has been produced by the computer.

ROM: Coded information stored in computer memory just evaporates when the computer is switched off. But computers need to be told what to do next time they're turned on. This information is stored in wires. Very fine wires. 100,000 on each chip. The computer can read the codes, but it can't change them. They're called Read-Only Memory – ROM.

RS232: An electrical standard devised for 25-pin plugs and sockets used to link up computers with printers, plotters, modems, and each other.

S.

Serial: When bits are transmitted in a stream down a single wire they're serially transmitted. A parallel bit stream involves sending bits over a number of wires simultaneously.

Software: Refers to all programs which are run on computer hardware. Some software is fed in on tapes and disks, some remains stored permanently on the computer's memory.

There are two types of software; applications software does the work and systems software keeps the computer in line.

Spreadsheet: Financial planning aid that's a clever computerisation of the sheet of paper, pencil, calculator, and rubber.

The first low-cost spreadsheet was introduced in 1978, and was important in making microcomputers respectable tools for today's business.

Addenda

Some new or rarely used words, not in everyday use.

Advice If you want to ask an expert about some aspect of a Merlin computer before or after you've bought one, dial 100 and ask for Freefone Merlin.

After Sales Service Many computers have to be looked after by a dealer. He may have to look after lots of makes. Merlin, on the other hand, employs specialists, experts and engineers who handle only Merlin equipment.

Training Courses Merlin have courses to suit all types of business. They range from a half-day introduction to a complete week's training.

Reassurance Will the company you buy your computer from still be in business next year?

T.

Teletext: Television based system that displays publicly broadcast information.

Telex: The national and international text communication network. Merlin is the biggest supplier of micro-processor based telex terminals in the UK. Both the Merlin M2200 series computers and M3300 word processor can be linked to the telex network.

U.

User Friendly: A claim made by software sellers. Often promised, seldom delivered.

V.

Viewdata: System developed by British Telecom for sending computer data by telephone line for display on low-cost modified television sets and other terminals.

VDU: Visual Display Unit is jargon for the screen attached to your computer.

W.

Wild Card: Facility to allow you to find the information you want when you're not quite sure what you're looking for. Asking for Jok might produce records with Jock and Jockstrap, as well as Joke.

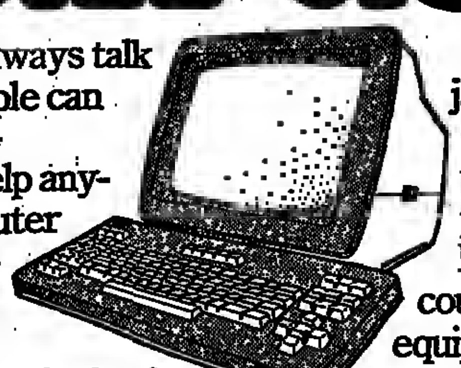
Winchester Disk: There are two types of disk, floppy and hard. Of the two, the hard disk in its sealed container is able to hold much more information which is loaded into it from cassettes or tapes.

A compact hard disk unit often found in microcomputers is called a Winchester.

Z.

Zap: When you correct a fault inside the computer's memory by altering its signals you 'Zap' it.

Or call us.



Why is it that computer people always talk so that only other computer people can understand them?

They don't seem keen to help anyone who wants a desk-top computer for their business but hasn't taken a degree in programming.

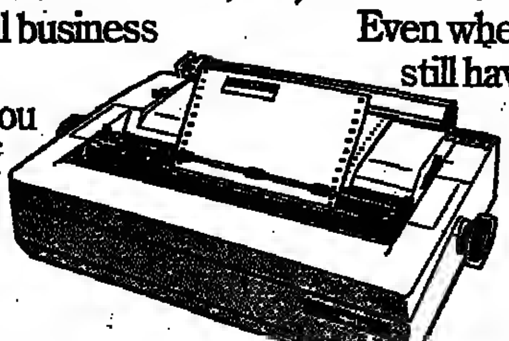
Merlin is different.

We're British Telecom Merlin. And we've been adapting high technology to the needs of the businessman all our life.

So it was only natural that we'd do the same with small business computers.

Which is why, if you ask about our range of desk-top computers and word processors we'll tell you all about them in a language you'll understand.

English.



Needless to say you'll encounter some jargon. But we'll explain as we go along.

We also don't expect your staff to be as dedicated to a dedicated word processor as we are. Which is why we have a comprehensive series of training courses so that they can make the most of the equipment you buy.

What's the use of paying £3,000 for some hardware (there we go with the jargon again, but we reckon you'll know this one) when you can only use £1,500 worth?

Even when your equipment is installed, you may still have a few teething problems operating the programs you've chosen.

A mental block. You've mislaid the manual or pressed the wrong key.

In that case all you have to do is ring your local Merlin office, and one of our experts will help you solve your problem.

That expert will have exactly the same equipment as you, loaded with exactly the same software. So he or she can duplicate exactly where you got stuck. And tell you how to put it right.

If you're interested in talking to one of our people about your computer needs, it's simple. Just dial 100 and ask for Freefone Merlin.

If you want to be more complicated you can always fill in the coupon.

Please send me information about your word processors and desk-top computers.
To: Victor Brand, Merlin, FREEPOST London SW19 8BR

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FT11/10

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British Telecom Business Systems

Someone had to make it simpler.

AMERICAN NEWS

Move to extend powers of U.S. banks

By Paul Taylor in Honolulu

A COMPREHENSIVE bank deregulation bill aimed at expanding the powers of U.S. banks to compete more widely in the financial services industry will be tabled by the end of October, Senator Jake Garn, Republican Chairman of the Senate Banking Committee, told U.S. bankers over the weekend.

Senator Garn, a key speaker at the American Bankers Association (ABA) annual meeting in Hawaii, said he will propose the bill in an attempt to forge a political consensus for expanding the power of banks to compete in the rapidly changing U.S. financial services industry.

He said that the proposed legislation will be a "products bill" dealing for the first time in 50 years with the problem of what services the banks should be allowed to offer.

Senator Garn said that among the bill's provisions will be new powers allowing bank holding companies to underwrite local government bonds and establish money market funds.

For discussion purposes, the bill, which is still in the drafting stage, is also likely to include provisions allowing banks to enter the property market, sell insurance and expand their controversial securities industry activities.

The case of the missing Pemex millions

BY WILLIAM CHISLETT IN MEXICO CITY

A REAL-LIFE drama worthy of e Hollywood gangster film is being played out in Pemex, the Mexican state oil concern and the pivotal force in the country's battered economy.

The plot so far involves the imprisonment pending trial of Sr Jorge Diaz Serrano, the former head of Pemex, on a 5bn pesos ($32.3m) fraud charge, the kidnapping from Texas of a leader of the oil workers' union, known in the industry as *El Trampas* (the trickster) and his jailing in Mexico City on a 985m pesos embezzlement charge and the death in a mysterious car crash of another oil union boss.

"We are watching 'the Godfather' being enacted before our very eyes," said a senior Government official. Mexicans, long resentful about the way their oil wealth has been squandered and the high economic price they are now having to pay, are avidly watching the lid being lifted off Pemex.

The Government, however, is nervously watching events since it has impaled itself on the horns of o dilemma. On the one hand, it fears that its anti-corruption drive could have a harmful impact on Mexico's vital oil production, as the oil workers' union could wield the forbidding weapon of a strike if it feels that its entrenched interests are threatened.

On the other hand, if the Government fails to curb the tremendous excesses of the oil industry, its anti-corruption campaign—the central plank in its plan to restore faith in the tarnished political system—will lose credibility and Pemex, once described by Paul Getty as the only oil company in the world which did not make a profit, will remain inefficient. (Pemex did make its first ever surplus, totalling 170bn pesos, in the first half of this year, but only because of a dramatic 140 per cent increase in the domestic petrol price, not through any marked improvement in productivity.)

The drama opened in July when the Government imprisoned Sr Diaz Serrano, a lifelong friend of Sr Jose Lopez Portillo, the former President who once considered appointing him his successor.

The former Pemex chief is accused of defrauding the state by overcharging for the purchase of two Belgian tankers but insists he is innocent.

Ministers were divided. There was a recognition that "the people want blood," as one senior official put it, but also e feeling that action on the case might open a can of worms.

The imprisonment sent shock waves through the oil workers' union, as it seemed to the union bosses that it could herald a Government crackdown on them, too. The leaders began fighting among themselves. In August, Sr Salvador Barragan Camacho, the union's secretary general and a Senator for the ruling Institutional Revolutionary Party, denounced Sr Hector Garcia Hernandez, alias *El Trampas*, for misusing union funds.

El Trampas, who began life as a chauffeur and built up a large financial empire including a newspaper, claimed in an interview from prison published in the magazine *Proceso* that he had agreed with Sr Barragan Camacho to be the union's "sacrificial lamb."

Sr Jorge Diaz Serrano, former head of Pemex, on the day he was admitted to prison

He said the idea was to divert investigations away from other oil leaders and "pretend to the President that the moral renovation campaign has entered the union." The plan was for him to flee the country just before he was denounced and to return in two years when the atmosphere was calmer.

Everything went according to plan, he said, except that when he learned of the scale of the charges against him, which were much greater than he had agreed, he wrote a open letter to Sr de la Madrid denouncing other union leaders

Last month, three men seized *El Trampas* from his hiding-place in McAllen, Texas, and drove him over the border. *El Trampas* said he was forced to sign a confession. The authorities then imprisoned him without so much as a question as to how he came to be in Mexico.

The same day (September 8) Sr Oscar Torres Pancardo, another union leader and the mayor of the oil town Poza Rica, died in a car crash. His chauffeur was found with a bullet in the head.

While Sr Diaz Serrano has kept tightlipped about his days in Pemex (he told Congress the day he was stripped of his senatorial immunity that his life "is governed by the principle of loyalty") his fellow inmate *El Trampas* has begun purportedly to spill the beans about corruption among the union leadership, including the gambling away of hundreds of thousands of dollars of union funds in Las Vegas.

The union's privileged position dates from the 1938 nationalisation of the oil industry, when workers threw their weight behind the Government and succeeded in keeping production going against formidable odds, including a trade boycott by the U.S. and the UK. In return, Pemex was allowed to become a state within a state, and the union to become unassailable.

When Pemex took off under Sr Diaz Serrano and oil production tripled to 2.7m b/d from 1977 to 1981 the opportunities for kickbacks, afforded by an estimated 100,000 contracts worth over $25bn and exports of $45bn, were fabulous. Pemex's foreign debt grew to $20bn.

The union derives its regular dues from 2 per cent of the salaries and pensions of all members (currently there are 150,000 oil workers).

On top of this, union officials sell temporary jobs in the oil fields and refineries. The going rate is said to be anything up to 150,000 pesos. One union leader, Sr Joaquin Hernandez Galicia, alias "La Quina" (the dice-thrower), also runs a multi-million dollar operation comprising a bank, food and department stores and ranches. Para-military groups ensure that nobody opposes the *status quo*.

The ewesome scale of the corruption can be gauged from the confidential audit carried out by the Finance Ministry in 1981 on Pemex's operations in 1980. Only 1.4 per cent of Pemex's reported total sales of 344bn pesos came under scrutiny and of these 3.2bn pesos were "irregularly" accounted for by Pemex, according to the audit.

The auditors report was handed to Sr Luis Farias, the head of the last Congress. He was legally obliged to order an investigation into the irregularities, but this never happened.

Until now, the Government has preferred not to tackle the oil union for fear of provoking a confrontation. Some Government officials now believe that the present internal strife in the union is too good an opportunity to miss to sweep it with a clean broom.

Argentine junta may hand over power in December

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA's military Government is now seriously contemplating bringing forward the date for the handover of power to the new civilian authorities following the elections on October 30.

According to e draft proposal understood to be under review at the Ministry of the Interior, the new government would take charge in the first two weeks of December this year and not on January 30, 1984, as originally planned.

An influential sector of the military regime and the bulk of the political parties are now believed to be convinced that an excessively lengthy transition period could worsen the climate of political and economic instability.

Pressure to change the electoral timetable has grown markedly in the wake of the financial crisis and spate of "coup rumours" sparked off by the arrest last week of central bank governor, Sr Julio Gonzalez del Solar.

The initiative on the electoral front coincides with a growing feeling in Buenos Aires and among some of Argentina's foreign creditors that e democratically elected government as opposed to an increasingly unpopular outgoing military one would be more likely to ensure e stable political framework for the foreign debt negotiations.

In the run-up to the elections, the nationalist sentiments of several leading politicians are running high, but some foreign bankers put this down more to rhetoric than to substance.

In a campaign press conference on Sunday, the radical Presidential candidate, Sr Raul Alfonsin, said that, if elected, he would appoint a special commission to pinpoint the part of the country's $39bn foreign debt which had been used in back-to-back or self-lending operations. Sr Alfonsin, who is emerging as e serious challenger to the Peronist political hegemony, has hinted that he would regard this part of the debt as "illegitimate" and thus subject to renegotiation or repudiation.

The junta met yesterday afternoon to discuss a proposal from a military advisory commission that party officials should be brought into the current debt negotiation. Both the Radicals and the Peronists, however, have publicly dissociated themselves from the military regime and have asked that the refinancing of some $6bn of public debt – held up by Sr Solar's arrest last week – should be further delayed until after the elections.

In Buenos Aires yesterday, banking sources said that Argentina's foreign creditors were now divided as to the ettitude they should take towards Buenos Aires in the run-up to a key meeting of their steering committee due to take place in New York today. It is understood that today's meeting could focus on a suggestion for a compromise arrangement by which the banks would agree to disburse the first $500m tranche of e $1.5bn medium-term loan and probably the third $300m SDR instalment from the IMF to offset the prospect of Argentina falling into virtual bankruptcy.

Some banks, however, fear that a carry-over of the current renegotiations into the next administration could cause substantial delays to the refinancing of some $10bn of principal and interest payments maturing in 1984.

Those favouring a compromise feel that steamrolling an agreement with the military authorities on the $6bn public sector debt following last week's controversy could force the future civilian authorities to repudiate it once they take power.

Significantly, last week's crisis has already led to the resignation of several directors of state companies who do not want to be compromised by any agreement signed between the banks and the present military authorities.

Reagan starts search for successor to Watt

BY OUR U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday began the search for a new Secretary of the Interior to replace Mr James Watt, his most controversial Cabinet officer, who resigned at the weekend.

The White House was pondering whether to replace Mr Watt with another conservative who would pursue the same policies of aggressive development of the nation's resources, or a more moderate figure—to appeal to the political centre in advance of next year's elections.

Mr Watt's resignation was hailed by most environmentalists, who regard him as the most reactionary Secretary of the Interior of the 20th century. Conservatists, however, were distressed at his departure, seeing it as further evidence that Mr Reagan was abandoning his right wing.

The final straw for Mr Watt, after two-and-half controversial years in office, was his recent description of members of one of his commissions as "a black, a woman, two Jews and a cripple". Republicans on Capitol Hill finally concluded that he had become an unacceptable political liability.

Washington speculation on a possible successor centred on former Senator Clifford Hansen of Wyoming, who was Mr Reagan's original choice for the Interior Department in 1981, and Mr Manuel Luan of New Mexico, ranking Republican on the House Interior Committee.

Other names mentioned included former Senator James Buckley, of New York and Mr John Rhodes, of Arizona, former House minority leader. White House officials, however, said that nobody had yet been approached for the job.

Men and Matters, Page 18

IMF mission to revise Peru's stabilisation plan

BY DOREEN GILLESPIE IN LIMA AND PETER MONTAGNON IN LONDON

AN INTERNATIONAL Monetary Fund mission is to arrive in Lima in mid-November to revise Peru's economic stabilisation programme, Sr Carlos Rodriguez-Pastor, Finance Minister, announced yesterday.

The revision comes amid reports in the banking community that Peru has failed to stick to the latest programme agreed with the IMF six months ago. The IMF's seal of epproval is needed for Peru to draw on credits totalling some $460m from the Fund itself, the World Bank and commercial bank creditors.

Peru's main difficulty in meeting its existing programme lies in the targets set for the Government's budget deficit.

This is supposed to be only 4.1 per cent of Gross Domestic Product this year, but following a contraction in economic activity, is now believed to be heading for 9 per cent of economic output.

The Peruvian Government says the deficit has been aggravated by this year's floods in Northern Peru and drought in the South

WORLD TRADE NEWS

New Zealand begins drive to keep UK butter market

BY CHRISTIAN TYLER, TRADE EDITOR

NEW ZEALAND yesterday began a rearguard action to defend its butter exports to Britain following an EEC Commission plan to cut tonnages over the next five years.

Mr Warren Cooper, New Zealand's Minister of Foreign Affairs and Overseas Trade, saw Mrs Margaret Thatcher yesterday in an attempt to get British support for further modification of the Brussels plan.

He is to see Mr Michael Jopling, Agriculture Minister, on Thursday in Blackpool during the Conservative Party conference and will also be doing the rounds of EEC farm ministers.

According to an official of the New Zealand High Commission in London, Mr Cooper will be trying to get the present 87,000 tonnes quota—all of it sold in the UK—extended for five years. The EEC Commission wants to reduce the figure to 84,000 tonnes next year and by a further 2,000 tonnes a year until 1988. At the same time an £80m subsidiy worth 14p a pound to the British consumer would be abolished.

Mr Cooper apparently hopes to muster enough opposition to the cost-cutting plan among the British and others to tackle French and Irish interests when the plan is put to EEC ministers.

The controversy coincides with the arrival in the UK of a high-powered business delegation from New Zealand aimed at restoring flagging trade and investment between the two

Mr Ronald Trotter, chairman of Fletcher Challenge and leader of the delegation, said yesterday it would be a "tragedy" for one of New Zealand's most efficient industries if the plsn went through: "I hope the UK Government can bring some sense into the Common Agricultural Policy," he added.

Mr Jim Graham, chairman of the New Zealand Dairy Board and another member of the trade mission, said the EEC needed New Zealand's co-operation to regulate the market. The Community would find it even more difficult and expensive to dispose of its own butter mountain on world markets if the price was driven down by extra quantities of New Zealand produce.

He claimed New Zealand had "met its responsibilities" by cutting its supply to the UK by more than half when UK butter consumption had dropped by a third.

Britain is tha biggest export market for New Zealand butter taking over 50 per cent, with the Soviet Union—seen as en inconsistent purchaser, at least in the long run—taking 37 per cent.

Despite historical ties, British investment in New Zealand is flagging. Of new capital investment last year, only 6 per cent came from the UK, compared with 45 per cent from the U.S. and 25 per cent from Australia.

U.S. to ease restrictions on steel from Sweden

By David Brown in Stockholm

SWEDEN'S Trade Minister Mr Mats Hellström has announced an understanding between Stockholm and Washington over relaxation of quotas and tariffs on special steel imposed by the Reagan Administration last July.

The understanding creates a separate country quota for Sweden and exceptions for certain Swedish-produced goods in the context of a broader General Agreement on Tariffs and Trade (Gatt) negotiation now under way with major suppliers of special steel to the U.S. which include EEC countries, Japan and South Korea. The details will be announced by Washington on October 18.

The value of Sweden's affected exports has been put at SKr 500m (£43m). Products include alloy tooling steel and some stainless bar and rod made by Uddeholm, Sandvik, SKF and the state-owned SFAD.

President Reagan's plan involves an overall reduction of 30-40 per cent in special steel imports, and according to Trade Ministry negotiator, Mr Lars Tillfors, implied that without the new understanding Sweden's share of the U.S. market would be "completely lost." He said the pact will create a "still serious but somewhat improved situation." He declined to provide further details before the Washington announcement.

Yugoslav jeans deal

Levi Strauss has signed a five-year agreement with a government-owned company in Yugoslavia to make and sell Levi jeans in that country, AP-DJ reports from San Francisco. The apparel maker said it expects the company to make about 1m pairs annually

Egyptian steel plant

Egypt's Alexandria National Steel company awarded a Y15bn (£43m) order to a Japanese-Egyptian consortium, led by Kajima of Japan, Reuter reports from Tokyo. It said the contract was for construction of buildings to house steelmaking plants at El Dikheila near Alexandria.

HORIZON EXPLORATION SURVEY IN EASTERN MEDITERRANEAN

NCB venture in hunt for Israeli oil

BY MAURICE SAMUELSON

BRITAIN'S National Coal Board, which supplies coal to Israel, is also indirectly involved in helping Israel in its search for its own oil resources.

The NCB, together with English China Clays, is the joint major shareholder in Horizon Exploration, which has just completed an unpublicised survey of Eastern Mediterranean waters on behalf of the Israel National Oil Corporation.

Based at Swanley, Kent, the company is now processing the soundings taken over a period of two months by one of its two survey ships. Initial details were presented in London two weeks ago to representatives of a dozen oil companies, including several major groups.

Mr John Greener, managing director, says that, although the area is "not the hottest prospect," it is "structurally very interesting."

Since handing back the Sinai Peninsula to Egypt, Israel has depended almost entirely on imported oil. Besides converting its electricity industry to coal and experimenting with solar energy, it intends to open its waters to the offshore oil industry.

Until this year, there had been only limited offshore work along its Mediterranean coast, and very little in deep water.

The next phase will be for the Israeli Government to allocate acreage for licensing and for oil companies to apply for drilling rights. This could take place next year.

In an attempt to avoid political complications in Arab countries where Horizon has operated, its presence in Israel was initially kept secret. It carried out its $3m survey contract there under the name of one of its lesser known subsidiaries. Publicly it confirmed only that it was working in the Eastern Mediterranean, without naming Israel.

One of the world's 15 leading geophysical companies, Horizon is active in many countries, including Italy, Indonesia, Australia, the U.S., Brazil, and the Argentine.

In Israel, Horizon's cover was almost "blown" when aerial pictures of its survey ship appeared on Israel television, which said it was a Soviet spy vessel listening to Israeli signals traffic. The Israeli authorities scotched the story, but without disclosing the precise reason for the ship's presence in the area.

To the company's embarrassment, this was eventually revealed by a brief report in a newsletter on international coal activities issued last week by the National Coal Board.

NEW HEAD OF MARKETING WANTS 10% OF LUXURY CAR SALES

The West German prince of Jaguars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

OTTO, Prince of Sayn-Wittgenstein, the man who will mastermind Jaguar's renewed efforts to take on arch rivals BMW and Mercedes in their home market, says: "Jaguar is an absolutely perfect car with a very good image in Germany. If customers are looked after properly it can be sold at any price."

Prince Otto says it was impossible to resist the invitation to head the new Jaguar sales and marketing company in Germany.

The new concern will start operating in January but next month the start-up capital of DM 6m (roughly £1.5m) will be provided so that Prince Otto can hire staff and get on with the job of building a Jaguar import centre, headquarters and retail outlet at Kronberg, near Frankfurt.

Up to now Jaguar sales in Germany have been handled by the BL subsidiary which also imports Austin Rover and Land-Rover products.

And the further separation of Jaguar from the other BL car division has been widely interpreted as another step towards privatisation of the luxury sports car company.

In a small way some private capital is being injected for the German venture. Jaguar Deutschland is 65 per cent owned by Amil Frey, the privately controlled, Zurich-based group, with Jaguar itself holding only 35 per cent.

The Frey group's connections with Jaguar go back a long way — it has been importing Jaguars to Switzerland for 50 years. But Frey grew to be one of Europe's largest car import businesses mainly by selling Toyotas in Switzerland. In that country it also has the franchise for all BL's cars and a chain of 20 car dealer outlets selling Toyotas, BMWs and Mercedes.

Frey also operates in France—importing Toyota cars and Motoguzzi motor bikes—and in Germany where it has the Subaru franchise.

Frey recruited Prince Otto, who has been in the motor business since he was 19—he is now 45. He started with Porsche and until recently was with Citroen as the regional director responsible for northern Germany and had 160 dealers to look after.

Prince Otto takes over at a good time in Jaguar's history. German sales should be about 1,300 this year, up from about 800 in 1982. To put this in perspective, total Jaguar output this year is forecast to be 28,000 compared with 22,000, with half to be sold in North America and one-quarter in the UK.

Prince Otto reckons that Jaguar registrations in Germany should reach 1,600 next year and within five years he wants to capture 10 per cent of the German luxury car market—which would involve sales of between 5,000 and 6,000 Jaguars a year.

VOLVO HAS won its first order for buses from the U.S. Philadelphia has ordered 50 articulated buses for SEPTA (South Eastern Pennsylvania Transportation Authority).

The chassis will be built at the Volvo Boraas facility in Sweden and the bodies—the result of a three year development programme by Volvo Bus—will be built at the group's plant in Chesapeake, Virginia.

Moscow buys UK malt in drive on alcoholism

By Lisa Wood

BRITISH maltsters which have faced falling domestic demand may be helping the Soviet Union reduce alcoholism.

Nearly a quarter of the production by UK maltings, which supply the beer and whisky industries, was exported last year. This amounted to about 360,000 tonnes of a total production of about 1.5m tonnes.

A major new market is the Soviet Union. Associated British Maltsters said malt exported there was used mainly for lager production and the Soviets were trying to promote beer at the expense of vodka to reduce alcoholism.

Distillers Company, which makes malt for its whisky distilling, began to export malt last year. Its product is suitable for brewing by exclusion of peat in the drying process.

By exporting malt, Distillers's two major plants, at Roseisle and Burghead in the Spey Valley have maintained substantial production in spite of the distilleries' fall in demand.

Malt export has risen sharply in the past three years across the malting industry. About 250,000 tonnes were exported in the year to July.

Japanese may not invest in unitary tax states

BY OUR TRADE EDITOR

JAPANESE companies may halt investment in those states of the U.S. which apply the controversial unitary method of collecting tax from multinationals, the Electronic Industries Association of Japan warned yesterday.

The warning is the most explicit so far from Japanese business which—perhaps for fear of exacerbating trade friction with the U.S.—has been less public in its criticism than British, Canadian and other European business lobbies

Mr Tamotsu Harada, a public affairs official of the association, also suggested that companies already located in states such as California—the pioneer of unitary taxation—might relocate to other states.

The association recently published a dossier of the effects of unitary taxation in which the cases of Kyocera International and Sony, both with plants in San Diego, were highlighted.

Mr Akio Morita, chairman of Sony, has protested to Mr George Shultz, U.S. Secretary of State, and now says Sony is halting further investment in its San Diego TV factory.

Unitary taxation is a method of assessing companies for state tax on the basis of the U.S. or worldwide earnings of their parent companies.

Bids for Japan's satellite

BY PAUL TAYLOR IN NEW YORK

RCA, the U.S. entertainment and electronic equipment company, said yesterday that it is joining with NEC, the Japanese conglomerate, in a battle to win the contract for Japan's National Space Development Agency's third satellite launch in 1988.

The agency has awarded study contracts to NEC, for which RCA will be a subcontractor, and Toshiba for which General Electric will be a subcontractor.

The first Japanese broadcasting satellite, launched in 1978 and the second to be launched in February, were built by Toshiba and GE.

Textiles show attracts record numbers

BY ANTHONY MORETON IN MILAN

THE NINTH Itma, the largest textile machinery exhibition in the world, opened yesterday, with the industry "on the edge of an improving economy," according to Mr P. E. J. Leijdekkers, president of Cematex, the European committee of textile machinery manufacturers.

This was proved by the number of exhibitors, he said. The exhibtion's total of 1,251 is 163 more than at the last Itma held in Hanover four years ago and beat the previous record of 1,220 set at the Milan fair in 1975.

By the time the exhibition closes on October 19, the organisers expect some 150,000 visitors, which, they claim, will make it not only the largest textile exhibition but the largest trade exhibition in the world.

Mr Paul Channon, Britain's Trade Minister, toured the exhibition, visiting half the British stands, including Bonas Machine Company, Platt Saco Lowell UK, Wilson & Longbottom, Bentley Engineering, and William Cotton.

"It is most encouraging that 98 British concerns have come to this exhibition," he said. "Their presence shows they can compete with the best concerns when it comes to quality."

UK NEWS

Go-ahead for Irish natural gas link

By Brendan Keenan and Maurice Samuelson

BRITAIN AND the Irish Republic have agreed to build a 100-mile pipeline from Dublin to Belfast which will supply the first natural gas to Northern Ireland.

Gas from the Kinsale Head field, off the south west coast of Ireland, will be on stream in Belfast in two years, unter a deal signed yesterday by the two governments.

Work on the pipeline will begin immediately and the project, including provision of storage facilities in Ulster will involve capital investment of about £150m drawn from the UK Government's Northern Ireland budget.

The gas will be paid for in sterling and, at today's prices, could be worth about £500m over the 22-year life of the contract. A price has not been revealed, but it could be about 26 pence per therm.

The project will save about 1,000 jobs in the Ulster gas industry, which uses old fashioned town gas derived from naphtha and is facing extinction. The Dublin Government will fund the building of the pipeline from Dublin to the border and the UK will contribute £5m towards the cost.

'Excess' profits of £359m likely from defence

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

DEFENCE CONTRACTORS are expected to net £359m profits more than government targets in the five years ending next March.

City of London defence analysts with brokers Fielding, Newson-Smith & Co say the "excess" profits come from non-competitive contracts awarded to defence companies according to a formula now under review.

The Defence Ministry is expected to receive the independent Contract Review Board's full report on the formula revision before the end of next month.

Fielding Newson-Smith concludes that the ministry is bound to reduce the profit rate, with possibly harmful effects on already depressed sectors such as shipbuilding and on contractors who depend on defence business.

The complex formula dates from 1968 but was last recalculated in 1980. It provided then for the pricing of non-competitive contracts su as to give a 20 per cent return on capital employed, fixed for three years. The Ministry intended that the real return – some 3.7 per cent – should be comparable to that earned by non-defence industries.

Inflation and profits in the rest of industry, however, have declined during recent years, so defence contractors on non-competitive business have registered a real return of about 11 per cent a year.

The ministry, under questioning from the Public Accounts Committee of the House of Commons, acknowledges in January that defence companies had as a result earned excess profits of around £75m a year.

On last night's television programme, World in Action, Mr Gordon Downey, the Comptroller and Auditor General, noted that "a very large amount of money has been handed to contractors in a way that was not intended."

While the Ministry end City analysts agree that the excess profits will be between £350m and £400m during the Conservative Government's five years, no precise figures are available for the percentage of contracts let on a non-competitive basis.

* *Defence Companies, Margins under Review; Fielding, Newson-Smith & Co, London EC2.*

Tory loyalists strive to restore shaken faith

As the Conservative Party assembles for its annual conference, Peter Riddell, Political Editor, finds party supporters in need of reassurance.

THE CONSERVATIVE PARTY is above all else a tribe, bound by ties of tradition, loyalty and instinct, rather than ideology. And the annual party conference, opening in Blackpool today, the 100th, is a celebration of tribal rites.

It is an occasion for the leader to be acclaimed, as Mrs Margaret Thatcher undoubtedly will be; for the views of the party elders to be heard, in a rapid succession of ministerial speeches during the week; and for the far-flung members of the tribe to meet, to observe their leaders and to enjoy themselves at a myriad parties.

Members of the tribe can express views, but cannot take decisions. That is for the leader and for elders to do, away from Blackpool. In this respect, the Conservative conference is unlike the conferences of other parties, all of which have a specific role in approving, making, or amending policy.

Decisions taken at the Labour, Liberal and Social Democratic party conferences matter to the leadership of those parties; but the infrequent votes this week at Blackpool will hardly be noticed, or reported.

The party activists' role has traditionally been only deliberative and advisory. There is no pretence at democratic accountability, despite the occasional attempts by the small "charter movement" to extend elections within the party.

The leadership is able to stage manage the conference to make a maximum impact on television, and this week it will no doubt do everything possible to distract attention from the Cecil Parkinson affair.

Despite regular protestations that controversy is not avoided, the motions chosen for debate are generally bland. They urge the Government to do what it wants to do anyway (controlling public expenditure and seeking multilateral disarmament), with which it is impossible for any Conservative to disagree. The only dissent comes from those who say the motions do not go far enough.

Heckling and vocal criticism, can affect a minister's standing, but seldom alters policy. And a reputation for being a good conference speaker, such as Mr Michael Heseltine had during the late 1970s, may arouse suspicion among Cabinet and parliamentary colleagues, rather than be a help to the top.

Such criticism as exists of Mrs Thatcher's approach will surface outside the formal conference in the many fringe meetings, where sceptical Cabinet ministers will make heavily-coded speeches warning of the need to return to a consensus approach.

But conversations in the corridors and bars will show, that the rank-and-file is less contented than might have been expected, after the landslide election victory in June. It is not just the press which is talking about the Government losing direction and becoming accident-prone. The conference will be looking for reassurance and a sense of direction after the arguments about public spending and the health service cuts, after Mrs Thatcher's illness, and after the Parkinson affair.

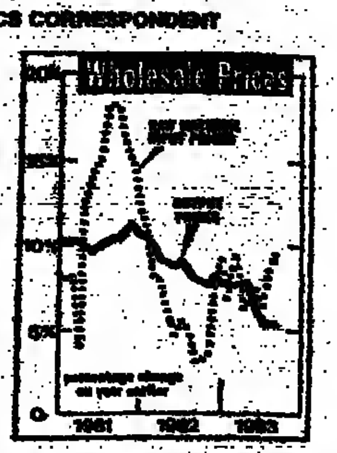
The Conservative conference is a reminder to the leadership of the prejudices and worries of the suburban and provincial middle classes who are the backbone of the party. Mrs Thatcher herself needs little reminder since she is very much their type of person, sharing their values.

Above all, a Conservative conference is a chance for the members of the tribe to reaffirm their faith in the leadership. And that faith has been shaken in the last few weeks.

Editorial comment, Page 18

Increase in factory gate prices held at annual rate of 5%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT



THE INFLATION of factory gate prices has has been held down to an annual rate of 5 per cent in spite of a steady rise in the cost of manufacturers' materials.

Figures from the Department of Trade and Industry show that the annual rate of increase of the cost of fuel and materials rose from 8.3 per cent in August to 9.5 per cent in September.

The cost of supplies has been rising at an accelerating rate through the summer, partly because of the delayed effect of the sharp depreciation of sterling in the early part of the year.

In spite of this, however, producers have managed to contain the annual percentage rise in their factory gate prices, which yesterday's figures showed to be unchanged at 5.3 per cent.

The new Producer Price Index, prepared by the department gives a more stable picture of factory gate prices than the Wholesale Price Index which it replaces. This is mainly because petroleum costs have been reclassified as being on the input rather than the output side.

Manufacturers appear to have been successful in absorbing at least part of the increased cost of materials and fuel through higher productivity. Government strategists will be hoping that this will continue for the rest of the year, particularly if increasing output enables manufacturers to continue to make productivity gains.

The rise in sterling at the time of the general election in June may also help to take some of the pressure off input prices in the coming months.

Figures show that manufacturers' input prices rose by 1.4 per cent between August and September. Three-quarters of the rise was a result of the higher cost of food materials, and the rest reflected higher prices for petroleum products.

Factory gate prices of manufactured products rose by 0.6 per cent between August and September, with more than a third of the increase accounted for by higher food prices.

TUC set to endorse era of 'new realism'

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE TRADES Union Congress (TUC) will tomorrow take the first firm step towards the policy of "new realism" which its Blackpool Congress endorsed last month.

Its economic committee is expected to agree proposals which will replace the TUC's former approach, of pressing an alternative programme on the Government, with one which identifies and campaigns for a few issues of central concern to unions.

In a crucial passage, the background document to the committee firmly ends the TUC's ambitions to be an "alternative Government" – a role dismissed at Congress by Mr Len Murray, the TUC general secretary.

Instead of an alternative programme, the document calls for "the selection of priority demands to lobby for and press on the Government." It says that the TUC should tie its policy submissions more closely to the Whitehall cycle of expenditure reviews.

Before the Budget, the TUC would create "maximum publicity, and lobby for key demands." After the budget in March, it would produce "a lively and readable analysis . . . allied to a critique of main themes of the Government's policies and those of the TUC, on a "compare and contrast" basis for widespread distribution within the movement and outside."

Stock Exchange vote

BY JOHN MOORE, CITY CORRESPONDENT

SIR NICHOLAS GOODISON, chairman of the London Stock Exchange, last night was poised to gain the necessary support from members of the stock market for resolutions which will gain the exchange exemption from the effects of restrictive practices legislation.

Members of the stock market will vote today on part of a deal agreed between Sir Nicholas and Mr Cecil Parkinson, Secretary of State for Trade and Industry.

They will be deciding on the admission of outsiders to the ruling council of the market and the creation of a membership appeals committee, consisting of outsiders.

Market professionals forecast yesterday that Sir Nicholas looked like gaining at least a majority of 77 to 79 per cent of those voting in favour of the resolutions.

Consortium of three buys up Joynson

G. W. JOYNSON, one of the UK's oldest commodity brokers, has been sold by its parent Inchcape group, to a consortium associated with Australian stockbrokers Rivkin & Co.

Joynson was founded in 1890 as a cotton trader, became a commodity broking commission house in the 1930s and was bought by Inchcape in 1969. Mr T. W. R. West, who set up Rivkin's London office in 1972, has bought Joynson in association with Mr S. C. Parris and Mr G. P. Stagg, joint owners of a commodity broking company.

Inchcape, an international group with interests in shipping, insurance and the motor trade, wants to dispose of its non-mainstream activities.

● **BARCLAYS BANK** has prepared a private parliamentary Bill to merge its two main operating units, Barclays Bank and Barclays Bank International as part of its group reorganisation.

● **LEADERS** of the National Union of Railwaymen yesterday accepted new proposals from British Rail which grant a temporary, six-month reprieve from closure for the rail wagon-making works at Shildon, County Durham.

● **MARATHON** oil group has been given government approval to develop the North Brae offshore oilfield, north east of Aberdeen, at an estimated eventual cost of £1.7bn.

● **CAR DELIVERY** drivers yesterday voted to end a six week strike which caused a stockpile of 12,500 vehicles at the Ford plant at Halewood, Liverpool. About 4,000 car assembly workers who were laid off are being recalled.

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Psychiatrists claim that the car you drive is an extension of your personality.

That it says as much about you as the house you live in.

So when someone says they drive a Saab, what kind of person do you picture?

If you think he's a true individualist you'd be right.

A glance at the Saab Turbo shape and you know the owner definitely doesn't want to look like everybody else.

But you'd be wrong in thinking the sleek shape is for looks alone. It's been designed by a company who, with years of aircraft experience, know everything there is to know about aerodynamic styling.

Which accounts for why a Saab is so quiet and why such a high performance car has such low fuel consumption figures.

The new APC (Automatic Performance Control) engine returns 35 mpg at 56 mph and can even run on 2 star petrol.

Drive a Turbo and you'll discover a few other characteristics of Saab owners.

They enjoy the sports car sensation of cornering at high speeds, with the car sticking to the road like tar and the body feeling like it's moulded around them.

But Saab owners are not obsessed with speed.

They're very responsible.

That's why they marvel at the long life asbestos-free brakes, which are so positive that emergency stops don't cause them heart failure. The rigid steel safety cage (probably the strongest passenger cell on four wheels) and the bonnet designed to crumple on impact and not shoot through the windscreen.

Finally, you'll soon realise that Saab owners enjoy the luxuries of life. That's why you'll discover, fitted as standard, a heated driver's seat, power steering, central locking, electric windows and mirrors plus a special air filter that stops dust and pollen seeping in.

And if you really want a life of luxury there are always little extras like air conditioning, sunroof, automatic gearbox and cruise control.

By now, you should have a clear picture of who buys a Saab and what is the driving force behind them.

Could it be a reflection of you?

SAAB APC TURBO

Official fuel consumption figures for the Saab APC Turbo, manual [illegible] Simulated urban cycle [illegible] Constant [illegible] Constant 75mph 26.3mpg (10.7L/100KM) Source of Performance figures Saab Scania AB
Saab (Gt. Britain) Ltd. Saab House, Fieldhouse Lane, Marlow, Bucks. SL7 1LY. Tel (06284) 6977. Aftersales (0604) 43643

TECHNOLOGY

EDITED BY ALAN CANE

Final freezeframe for V2000?

Video & Film

BY JOHN CHITTOCK

FOR MANY companies in the consumer electronics business, video has become their biggest single product line. Not surprisingly, as growth continues at a more or less undiminished rate, so too does the fear that "this can't go on for much longer." Indeed, some companies—especially those with the wrong products or poor management—are now beginning to find that mistakes are as possible in this business es any other.

Futurology thus assumes great importance as the bonanza continues. Reports, surveys and market projections proliferate—in the last few weeks no fewer than eleven have so far come to my notice. Equally prolific are the conferences, and the most important of all in the video industry — the annual VIDCOM event—was again held last week in Cannes.

From this mass of eccumulating evidence, reinforced by equally important personal impressions, it is clear that video is far from reaching saturation point. The demand will continue to grow, but casualties will mount as the video consumer becomes more discriminating.

One major casualty, anticipated in this column eight weeks ago, now looks highly probable. Namely, the V2000 system developed by Philips and Grundig. Last week at VIDCOM, Grundig revealed that consideration was being given to a proposal that the company might manufacture VCRs of the rival VHS format. The company claims that an enquiry for 300,000 VHS machines has been received from an overseas country and that—subject to licensing agreements — VHS recorders, incorporating as much know-how as possible from the V2000 experience, might emerge from Grundig factories.

Within a few days, Philips beve quickly followed with a similar announcement from Eindhoven, justifying it through sales success of bought-in VHS machines which the company markets in some countries outside Europe.

These revelations suggest that Grundig and Philips, overwhelmed by the success of VHS, may at last follow the trends of the market instead of trying to control them. Yet curiously, Philips also revealed at VIDCOM its intention to market in the second half of 1984 the so-called 8 mm video camera/recorder — which is not compatible with VHS (nor, for that matter, with V2000). A pre-production model was privately demonstrated et Cannes last week, yielding acceptable picture quality and expected to sell in Germany for DM 4000.

Some of the research reports underline the weak position of V2000, such as one British multi-client study that identified only 2 per cent of consumers likely to buy or rent a V2000 against 43 per cent choosing VHS and 8 per cent Beta (the remaining 47 per cent didn't know). Against this scenario, a home video camera/recorder which is not compatible with VHS looks e very doubtful starter.

Other reports confirm that the international trend in video is still vigorous, however much it may be et the expense of V2000 and Beta. In West Germany, for example, the Deutsches Video Institut expects a 56 per cent rise in VCR sales in the second half of this year to reach an annual total of 1,410,000. In graphs presented at VIDCOM last week by e leading French distributor, Proserpine, the annual growth in the U.S. holds up well — they estimate a 38 per cent rise for the whole of 1983 compared with 32 per cent in 1982.

Even in the economic strife of South America, video flourishes. The Latin American arm of CIC Video, part of the major U.S. film distribution company, anticipates e 40 per cent growth for the whole of 1983.

The programme suppliers are salivating at the sales prospects, and if the problem of video piracy could be eliminated, the copyright owners of the better programmes could look forward to healthy returns. Measures to combat piracy are beginning to bite, but the scale of the problem has been quantified by the International Federation of Phonogram and Videogram Producers (IFPI) — who estimate that worldwide video piracy in 1982 eost the software industry over US$1bn.

There seems little doubt that video piracy will be substantially diminished, thanks largely to the strenuous efforts of trade bodies such as the IFPI and the British Videogram Association. The video industry is learning that, despite its successes, there is no room for complacency.

As with any boom business which erupts like é nova, stability and constancy eome only to those who work for it. This year's VIDCOM had less of the sparkle of previous years, less of the drama; bad news, perhaps, for its organising entrepreneur M Bernard Chevry but paradoxically just the sign of maturity the video industry needs. It is heartening to note that the most mature of all in this business, towering over VIDCOM, is the British Thorn-EMI group. Not only were they everywhere to be seen in Cannes but everyone seemed ready to acknowledge their world leadership in video distribution.

As part of that determination not to be complacent, the retailing chain of Thorn-EMI, Rumbelows, have conducted a survey of customer ettitudes to consumer electronics. Sensibly it wanted to find out how it could serve customers better. Not surprisingly, video dominates the survey and the need for easier-to-use machines and better instructions is a *leit motif* in the responses of customers.

One major issue remains unresolved — the enigmatic video disc. RCA continue to make bullish announcements, such as last week's claim that their CED Selecta-Vision system has yielded retail business worth more than $400 million since its launch (in spring 1981). Despite the slow take-off of the video disc, especially the optical system developed by Philips, the medium was boldly in evidence at VIDCOM and substantial confidence in its future is not hard to find.

It is now obvious that industrial applications for the video disc are gathering momentum and will help to fuel consumer acceptance, exactly as happened with the VCR. The French PTT have funded e programme company (called Imedia) to stimulate interactive disc development and an interesting British announcement may be made soon.

If any lesson emerges from the trends so far, it is—to quote the Army manual—to "reinforce success." Thet lesson applies not only to the manufacturers who refuse to switch resources and follow the leaders but to other branches of the media—broadcasters, publishers, cinema owners—who still regard video cautiously instead of embracing it.

COMPUTER EXPERTS HEAR OF THE TRILOGY WAFER

Reliability is the key to Amdahl's new machine

BY IAN HUGO IN PARIS

SEVEN HUNDRED thousand transistors on a chip and a personal computer that can execute between 7 and 10m instructions e second by 1990. These were just two of the predictions delivered by computer experts et the ninth triennial International Federation for Information Processing congress in Paris recently.

The federation brings together tha leading theoretical and technical researchers in the computer world.

In seven parallel streams over five days, attended by some 2,000 delegates, the conference topics ranged from the esoteric "Types, Abstraction and Parametric Polymorphism" to the more obviously relevant "Progress in Computer Networks."

Tomihiro Matsumura, e director of the Japanese NEC Corporation, found space in his paper on "Future Microprocessor Trends" to announce his company's new generation of V60 and V70 microprocessors for personal computers.

These will be shipped in 1985 and are designed for "super personal computers" that will provide equivalent computational power to that of the middle-range mainframe computers of today (such as the IBM 4341). They will include, on the chip, considerable technical sophistication, such as instruction overlap (pipelining), memory management and an ability to address memory space twice the size of that currently offered by IBM's largest systems today.

But IBM will not be caught lagging. A paper on an experimental office system, by researchers at IBM's San Jose laboratories, revealed a very similar specification for the "engine" within the system.


Gene Amdahl with the Trilogy superchip

It was noticeable, however, that the weighty Japanese and American contingents at the conference were monitoring one another's presentations — and finding that they are currently not that far epart.

Research and immediate commercial interests coincided when Gene Amdahl, father of the Amdahl Corporation which really founded the IBM-compatible CPU industry, and now leader of Trilogy Corporation, spoke. He delivered an essential innocuous historical perspective of large general-purpose machine design with e foot-note on the greatly anticipated first machine from Trilogy.

This footnote caused at least one notable invited speaker to rewrite his paper.

Gene Amdahl is still not ready to give much away in detail. He is now, however, a proven and trusted source and more of what his new machine will do is emerging. The new chip he has been quoted as designing is not a chip et all but a wafer, measuring 2.5 inches square and containing millions of junctions (he declined to reveal the exact figure) and 1100 input/output pins.

The wafer incorporates instruction overlap to an unprecedented extent (64 levels) and various other technical sophistications. While the Trilogy machine is clearly designed to out-perform any competitors by e wide margin (and, it is rumoured, at a lower price), the key design parameter is clearly reliability.

Amdahl would not say how the reliability was echieved, other than to say that it involved component redundancy in two aspects. First, the redundancy enabled wafer yields (the number of usable wafers in any production batch) to be significantly high; second, the important machine components are duplicated and, in the event of a component failure, the back-up component is automatically switched in and the system auto-dials the service centre to order a replacement.

A workstation hiding on the Jacquard stand at the exhibition came with exemplary design credentials.

The chief designer is Niklaus Wirth, formerly of ETH Zurich and the main formulator of the Pascal Language. He has conceived the system to support the new MODULA-2 language (which he designed) and it is aimed directly et the research/technical publishing/university market. It is called the MODULA system and is being sold by the new DISER corporation, based in Switzerland. It has distributors in the U.S., Switzerland and France, current sales of around 100 systems end is looking for e UK distributor. It is e good example of e new workstation well aimed at e specific vertical sector of the market.

COMPUTERS IN MINING

Software prospects

BY PAUL WALTON

MINERAL DEPOSITS will be more profitably realised by using computer software which can refine and interpret vast amounts of field data into e single exploitation plan.

This is the chief rationale behind Datamine, a £33,000 package which embodies some of the skills of the geological and mining engineers who together set up e new company, Mineral Industries Computing. The idea is that: "miners will be able to use e computer system without knowing how it works," according to marketing director Ron Dougill.

The *four-man* firm has developed software which begins by speeding up the comprehension of geological data, and which can be extended to prepare graphical representation and plans for eventual mining.

Dougill said that Datamine would one day employ a greater depth of knowledge about particular mineral fields, cutting out much of the miners' tedious work and leaving more time to think ebout how to get the desired mineral out quickly.

Datamine is yet to be sold to its first customer amongst some 2,000 mining concerns, most of which operate in inaccessible and harsh parts of the world. Dougill said that the biggest problem would be to ensure good local support for the software in places like South America, but added that the firm hoped to tie up with an American hardware supplier to back up such systems. More on 01-240 7592.

Why Wall St loves Wang—again

BY PAUL TAYLOR

WALL STREET loves Wang again. Last Wednesday, the computer end business systems company's stock was the most active on the American stock exchange gaining U.S.$2.5 to close at U.S.$38 a share following an 87 cent gain the day before.

The reason, amid much razzamatazz, Wang unveiled a new adaptation of its professional computer which will allow users to scan a document such as e memo, map or photograph and then display the image on the computer screen, store it in memory or disc, merge it into a text document or send the image to another location.

The equipment, called the Wang PIC, professional image computer, basically adds a camera scanning device to Wang's existing professional computer and will sell for a base price per unit of U.S.$14,985.

Wang described the PIC as "a milestone in integrated information processing" which it hopes will help maintain the company's leadership role in the office automation market.

The PIC will be available in February—by which time several other manufacturers are expected to have similar equipment on the market including at least one version which works with IBM's Personal Computer.

Nevertheless, the Wang development is seen as a significant and innovative development in the office equipment market and e further attractive enhancement of its Wang PC line. Wang said it expects to sell ebout 75,000 PC's worth about U.S.$350m in its current fiscal year which began on June 30.

Existing PC owners will be able to upgrade their equipment by purchasing PIC components separately including the image monitor and camera-like scanner which digitises images from a sheet of paper.

The PIC is expected to become an important Wang product, particularly as devices capable of storing far greater volumes of memory at cheaper cost became available. Initially, however, the PIC may well be limited by its capacity to store only about 100 pages of images on hard disc.

The new hardware from Wang was not the only announcement from the company to impress Wall Street. It also unveiled a raft of other new software products including an upgraded word processing package called WP Plus and, perhaps most significantly, a change in corporate philosophy.

Wang, which until now, has had e reputation for being a "relatively closed company," keeping its technology under wraps, announced a series of new products aimed et enabling Wang systems to work more easily with other manufacturers' equipment.

As part of this shift in corporate philosophy, the company said that it would make available the Wang word processing system (WPS) document communication specification and the Wang information transfer architecture to "any interested party" seeking to license the hitherto proprietary information.

Mr Sam Gagliano, Wang's product marketing vice-president, said the company's goal in making the information available was to "make it easier to edit information in its various forms between Wang and non-Wang systems."

To complement this new approach Wang also announced a new information distribution system (IDS), a package of software products which will make it easier for Wang computer users to communicate with IBM equipment, and said it will offer e version of the UNIX software operating system on its computers.

Leyland Trucks overseas operations director

Mr Brian L. Fuller has been appointed overseas operations director, LEYLAND TRUCKS, responsible for the sales and marketing of the company's products in the Middle East, Far East, Latin America and Africa. Prior to joining Leyland, he was managing director of the fire engineering division of Mather and Platt.

★

Mr W. McCreadie has been appointed finance director of CHARTHIRE SERVICES.

★

The PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY has appointed Mr Bruce MacPhail as a non-executive director. He is managing director of Sterling Guarantee Trust.

★

REED STENHOUSE has launched a new company—Reed Stenhouse Financial Services. The three divisions are: Reed Stenhouse Employoe Benefits; Reed Stenhouse Gibbs; and Reed Stenhonse International. Directors aro: Mr John Leudon (chairman and chief executive), Mr Jim Gilchrist (finance); Reed Stenhouse International — Mr Brian Willats (deputy chairman) and Mr Bernard Hill; Reed Stenhouse Gibbs—Mr Brian Gibson and Mr Mike Reid; Reed Stenhouse Employee Benefits — Mr Allan Durward and Mr Stuart Aird; associate director and company secretary—Mr Bryan Bell.

Mrs Barbara Hughes has been appointed systems liaison director of Reed Stenhouse Marketing, and Mr Kenneth Webb becomes director of the aviation division.

Senior posts at Barclays Merchant Bank

BARCLAYS MERCHANT BANK has appointed 11 assistant directors in corporate advisory division—Mr Philip Dayer, Mr Rupert Foxwell, Mr Nicholas Merriss, Mr David Roper, Mr Charles Ryder and Mr John Standen; in banking division—Mr Christopher Gardner and Mr Andrew Mellin; in projects department—Mr James Barry and Mr Malcolm Forster. Mr Michael Bryant becomes assistant director in Birmingham.

★

Mr Alan Charles Aylesbury, managing director of Alcoa Manufacturing (GB), Swansea, has become West Wales leader of the CBI. He takes over from Dr Brian Davison, director and general manager of Inco Europe, Swansea.

★

Mr Andrew Mills-Baker has been appointed vice-president, finance and chief financial officer of WICKES EUROPE INC. He was with Arthur Andersen & Co. Mr Tom Godfrey has been appointed group estate surveyor, a new post. As a partner of Biscoe & Stanton, he has advised Wickes on the ocquisition of 23 stores since 1974.

★

METRIX ENGINEERING, Sheffiold, has appointed Mr Terry Barton as UK sales director.

★

BEECHWOOD GROUP has formed a new company, Beechwood Hydraulics to provide an engineering service to tha oil industry, on and off-shore. It will be based at Cleobury Mortimer, Worcestershire Mr Anrthr W. Turner has been appointed managing director of the new company. Ho joined the engineering division of Beechwood as a consultant in 1982.

★

At UNITED PARCELS, Wellingborough, Mr Patrick D. Whyman, joint managing director, has additionally been appointed deputy chairman. Mr John Crosland has joinod tho board as a non-executive director. Ho is a director of Robert Fleming Holdings.

★

RADIO LUXEMBOURG has appointed Lord Harmar-Nicholls as chairman of Radio Luxembourg (London). He succeeds Sir John Rodgers. Lord Harmar-Nicholls has been a director for 20 years and is a director of n number of other companies including Pleasurama. Sir John continues with the company as honorary president.

★

Mr Charles Breese has been appointed a director of LARPENT NEWTON AND CO.

★

BEARING SERVICE has eppointed Mr Roy Thornhill as chief executive and Mr Peter Ramsey as deputy chief executive. United Electronic Holdings has appointed Mr Barry Ralph as chief executivo and Mr Graham Currie as deputy chief executivo. Both companies are members of the Brammer Group.

★

Mr Brian Arbib has been nppointed chairman of KELSEY INDUSTRIES in succession to Mr John G. Moss, who is retiring but who will continue as n non-executive director. Mr Arbib joined the group in 1955 and has been vice chairman since 1974. Mr Gorden Arbib becomes vice-chairman, having joined the group in 1965. Mr R. G. Hann succeeds Mr Moss as managing director of Kelsey Roofing Industries.

★

Mr Trevor Furlong, port services director of the Mersey Docks and Harbour Company, has been appointed chairman of the LIVERPOOL PORT EMPLOYERS ASSOCIATION. Ho succeeds Mr James Fitzpatrick managing director and chief executivo of the Mersey Docks and Harbour Company.

★

Mr David B. Hicks has joined the board of CALTON AUDIO VISUAL as managing director.

★

Mr Clive Faulkner at present chief executive, has been appointed managing director of the METAMEC JENTIQUE GROUP. Mr W. G. Cooper will act as chairman. The non-executive directors, Mr G. F. Owen and Mr J. Redfern retire from office.

★

Mr David Hole has been appointed director of human resources—planning and development, Europe, Middle East and Africa, by HOLIDAY INN INTERNATIONAL. He will be based at Brentford, and moves to this position from Holiday Inn's head office in Memphis where he was director of international personnel.

★

COUNTY BANK has appointed Mr Paul Buchanan-Barrow and Mr David Lough as directors. Mr Peter Curtis, Mr David Lowes, Mr John Richardson and Mr Oliver Pawle havo become senior assistant directors. Mr Derek Brown, Mr Nicholas Coulson, Mr Michael Frank, Mr Jeremy Hicks and Mr Nicholas Wells have become assistant directors.

★

Mr Colin Sandford, chairman of tho advertising industry's own Code of Advertising Practice Committee, has been appointed by the Independent Broadcasting Anthority to its Advertising Advisory Committee. Mr Sandford, who is a director of Currys Group, replaces Mr John Jackson of Philips Electronics whose term of office has now expired.

★

Tho following havo been ndmitted as partners of PEAT MARWICK: Mr Charles Waddington (Manchester), Mr John Howard (Stoke on Trent), Mr Peter Armitage (Darlington) and Mr Norman Seddon (Leeds).

★

Mr John W. T. Hunt, chief dealer for the FIRST NATIONAL BANK OF MARYLAND, London branch, bas been promoted to vice-president and chief dealer.

★

Mr John David Barker has been appointed to tho board of MAGNET AND SOUTHERNS. The following have been appointed directors of Magnot Joinery: Mr John David Barker, Mr Anthony Walter Cast, Mr Paul Thomas Duxbury, Mr Matthew Ingle, Mr Frank Newman and Mr Sidney John Pearman.

★

C. A. COUTTS has nppointed Mr Peter McMullen as sales director. He was London sales manager for Ashton Containers.

★

INSTEM COMPUTER SYSTEMS has appointed Mr John Haine as director—manufacturing and service. He has been with tho company for 11 years. Mr David Sherwin becomes finance director. Ho joined tho company in 1973. Mr Alan Wyatt is appointed projects director with responsibility for cootract implementation. He has been with Instem for 13 years.

★

Mr A. Ross Belch bas joined tho board of J. H. CARRUTHERS & CO., crane manufacturer, as a non-executive director. He is currently chairman of Jebsens Offshore Drilling and of Associated British Engineering. Ha is also a director of a number of other companies in tha marine, engineering and leisure fields. At present ha is acting as shiprepair adviser to tho Gibraltar Government in connection with tho proposed commercialisation of thoir naval dockyard.

★

KIRKLAND - WHITTAKER GROUP has nppointed Mr Robert A. F. Dibben as finance director and secretary.

★

LONDON AND OVERSEAS FREIGHTERS has appointed to tho board Mr Minas C. Kulukundis, secretary of tho company.

★

HADEN MAINTENANCE bas oppointed Mr Alan Monk as director and general manager UK. For the past three years be has been in tho overseas division. Mr George McCowie, formerly operations manager, has been promoted to international division manager.

★

Mr Nick Evans has been appointed sales director of CONSORT ALUMINIUM. He was previously sales manager with Smart Systems.

★

Lord Ezra has been appointed vice-president of the THINK BRITISH COUNCIL.

Managing director for Touche, Remnant

Mr Peter Gray bas been appointed managing director of TOUCHE, REMNANT AND CO. and of Touche Remnant Holdings in succession to Mr George Hague, who has retired but remains on tho boards of both companies.

★

IRON TRADES INSURANCE GROUP bas appointed Mr Peter Cross as managing director.

★

Mr John Barnes, markoting director of Boehringer Ingelheim, and Mr Stephen Berrisford, markoting director of WB Pharmaceuticals have boon appointed to the board of BOEHRINGER INGELHEIM.

★

The MAJOR PROJECTS ASSOCIATION has appainted as its executive director Mr Patrick Hodgson, formarly financial adviser to the project and export policy division, Department of Trado and Industry. The retiring executive director is Mr Philip Worthington, who was appointed when the Association was formally consituted in May 1982. The association's aim is to enhance the ability of its members to initiate, assess, secure and accomplish successful major projects in the UK and overseas. It is based at tha Oxford Centre for Management Studies.

★

Ms Brenda Dean and Mr Francis James Wilson havo been appointed members of the OCCUPATIONAL PENSIONS BOARD. Ms Dean is genoral presidont of the Society of Society of Graphical and Allied Trades (SOGAT '82) and is a members of the Womon's National Commission. Mr Wilson is a partner ot Slaughter and May (solicitors) and is chairman of the pension lawyers informal discussion group.

★

Mr Peter Brind has been appointed chief manager, Europoan division, of WESTPAC BANKING CORP.

★

Mr Michael Teacher and Mr Terry Barnes have been appointed joint managing directors of POINTON YORK, licensed deposit-taking subsidiary of the Pointon York group.

★

W. GREENWELL AND CO., stockbrokers, has appointed Mr Martin Edward Hodge as an associate member.

★

Mr Harry Tapner, director, airfreight of BRANTFORD INTERNATIONAL will be retiring on January 2. Mr John Hayes will joint Brantford on November 1 and will succeed Mr Tapner. Mr Hayos was managing director of Mitchell Cotts Airfreight.

★

Mr John Tivey, previously a local director, has joined the board of ELSON & ROBBINS as production director. Tho following have been appointed to tho board of tha group's major subsidiary, Domestic Industrial Pressiogs: Mr Philip McLanghlin as sales and markoting director, Mr Michael Fage as production director, Mr Bob Hill as development director and Mr Lawrence Doyle as director and secretary.

★

The Earl of Ilchester has joined the board of MERVYN HUGHES ALEXANDRE TIC (INTERNATIONAL) as a non-executive director.

★

CHIVERS BOOK SALES, a subsidiary of Gieves Group, has appointed Mr Julian Batson to its board. Mr Batson was publishing manager.

★

THAMES GROUP chairman, Mr J. F. Williams, is to retire next spring and will be succeeded by Mr G. O. Stewart, currently chairman of Elida Gibbs.

★

Mr S. S. Barnes and Mr D. J. Volsey havo boon appointed directors of ALEXANDER HOWDEN INSURANCE BROKERS.

★

Mr Peter Woodhouse has joinod TECALEMIT et doputy group managing director.

★

Mr Michaol Payne has succeeded Mr Derek Tolman as managing director of BEAUFORT COMPUTER SERVICES, a member of the Tridant Group. He was formorly administration director of Trident Lifo.

★

Sir Donald Barron, chairman, Midland Bank, bas been appointed a member of tho NATIONAL ECONOMIC DEVELOPMENT COUNCIL.

★

Mr Tony Arrowsmith, chief executive of Charles Barker, Black & Gross, Birmingham will join tho CHARLES BARKER GROUP board on January 1.

Bowater Packaging reorganises

Following reorganisation of BOWATER PACKAGING'S interests in the corrugated packaging sector in the UK and Belgium, Mr P. S. Williams has been appointed chief executive, corrugated group. Mr B. J. Hennessy becomes managing director, Bowator Containors and Mr A. H. Grainger has been made managing director, Bowator Containers, NV.

★

Mr Rodney J. E. Barker has been appointed to the board of merchant bankers, CHARTERHOUSE JAPHET, with responsibility for personnol.

★

PEARLEARL has nppointed Mr Martin Hudson as chairman, Mr David Neil Smith as managing director and Mr Alan Erling Mitton as director and company secretary.

★

Lord Sieff of Brimpton has joined the board and been elected chairman of FIBI FINANCIAL TRUST, the UK subsidiary of The First International Bank of Israel. Mr Moshe Meirav, recently appointed doputy general managor of The First International Bank of Israol, has also joined tho board of FIBI Financial Trust.

★

Mr Kenneth M. Atkinson, formorly an associato director of Nordic Bank, has been appointed managing director of KOWIN CHINA INVESTMENTS, which specialises in services to companies doing business in tho People's Republic of China.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10½%
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland Ω	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9½%	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	Standard Chartered ‖	9 %
Canada Perm't Trust	10 %	Trade Dev. Bank	9 %
Castle Court Trust Ltd	9½%	TCB	9 %
Cayzer Ltd.	9 %	Trustee Savings Bank	9 %
Cedar Holdings	10 %	United Bank of Kuwait	9 %
■ Charterhouse Japhet	9 %	United Mizrahi Bank	9 %
Choulartons	10½%	Volkskas Intnl. Ltd.	9 %
Citibank Savings ¶	10½%	Westpac Banking Corp.	9 %
Clydesdale Bank	9 %	Whiteaway Laidlaw	9½%
C. E. Coates	9½%	Williams & Glyn's	9 %
Comm. Bk. of N. East	9 %	Wintrust Secs. Ltd.	9 %
Consolidated Credits	9½%	Yorkshire Bank	9 %
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Donbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—9.05%. Effective annual rate—9.43%.

PETROLEOS MEXICANOS

US$ 125,000,000

Floating Rate Notes 1991

For six months, in accordance with the provisions of tho Notes, notice is hereby given that the rate of interest has been fixed nt 9¾ per cent per annum.

Interest poyable April 11th 1984 against Coupon No. 6 will be US$250.99 per US$5,000 Note by Chemical Bank London (Agent Bank).

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Alison Hogan and Tim Dickson look at two aspects of financial management

A good accountant can be a hidden asset

THE story may be apocryphal but the chairman of a Sonth Yorkshire engineering company is supposed to have told a somewhat overhelpful auditor who sat in on a recent board meeting: "Shut up, man, so far as I'm concerned you're nowt but the scorekeeper."

This cavalier attituda to accountants is all too prevalent inside smaller businesses, which sometimes discover too late how competent their advisers can be.

"I sacked three accountants before I found one who could really understand the business and provida the kind of financial information I needed," says one successful chairman of a public company. His accountant is now managing director.

Choosing the right accountant can be one of the most significant business decisions a company will make. Research shows that in the absence of advertising, the majority of appointments are made through introductions from solicitors or bank managers. Otherwise the the advice of other local businessmen often results in the choice of a suitable firm.

"There must be a good rapport between a businessman and his accountant. You have to be able to trust him and confide in him more than perhaps you would your bank manager," suggests Sue Palmer of ICFC, an investment bank which has hundreds of independent businesses passing through the doors of its offices each year.

"A key question is how familiar be is with your kind of business. If you are in retailing or wholesaling then it is probably more useful if your accountant has other clients in the same line of business and is familiar with its particular problems," says Palmer.

The key question is what Brian Warnes, managing director of Midland Bank Venture Capital, distinguishes as the difference between "static" and "dynamic" accounting. The profession, be says, is great at tha first, but lousy at tha second. Tha first is a question of record and history, of assembling statistical data and ensuring that it is correct.

The second is concerned with momentum and direction, of marshalling the figures and using them in different ways — "changing tha dynamic" so that the company runs successfully. "There is a great gulf in tha provision of this kind of information," says Warnes. It is a gulf that the accountants have yet adequately to fill.

Services such as the minimal regulatory audit, tax advice, the developing of a full-scale strategy or financial system costs money. Businesses must decide how much and what kind of assistance they need and can afford. In tha hands of tha experts it is easy to be swayed to a particular course of action. On the other hand, the prospect of a hefty bill each quarter can sometimes colour the judgment of how important the accountants' advice might prove.

If you run a small business, then these are some of the services you might ask of your accountant:—

1. Which type of business organisation best suits your needs, eg, partnership, limited company, or sola trader; 2. sources of finance; 3. a business plan; 4, accounting systems — budgeting and costing; 5. Tax advice and planning; 6. employee arrangements, including provision of pensions; and 7. legal and company secretarial requirements.

Audit work should include: 1. Discussions of current trading and future prospects; 2. review of tha operation and adequacy of internal controls; 3. checking stocktaking; 4. statutory audit of annual financial statements; 5. recommendations for improved financial controls in the wake of tha audit.

Accountants usually charge for hours worked. So your final bill will depend on tha amount of work your accounting system throws up, and the quality of in-house financial acumen you bave. For a straightforward audit with some consultancy ou top, a small local practitioner will often be tha best choice. His or ber experience is local, and largely based ou tha small to medium-sized concern. Fees are likely to be lower.

A word of warning from Warnes. "Cash flow planning ot the simplest level is often inadequate. Accountants fall to provide day-to-day real time accounting systems." So much so, banks have coma up with their own accounting systems service.

Lloyds Bank, for example, began to provido the Cari accounting system for clients towards the end of last year and has already introduced it to more than 600 clients. The system, which stands for Code Analysis Recording by Letters, was developed several yaars ago by Douglas Thompson and provides an accountancy coding system which reduces and simplifies the work of book-keeping, preparation of accounts and VAT returns.

Many similar systems bave been developed and soma are offered by computer bureaux such as AIDS which specialises in monthly accounting for the five- to 50-employee firm.

Accountants, however, dispute Warne's criticisms. They say there are many simpla accounting systems on which they can—and do—advise. Furthermore, their services for a growing business extend far beyond those of a computer bureau or even tha banks for financial advice and management consultancy. It is then that the accountants' fees really begin to rise—and the larger firms become interested.

A. H.

A blueprint for improving cash flow

CASH FLOW management is one of the keys to running a healthy business. So how can the hard-pressed credit manager improve his results?

Some useful clues are provided in a new survey of 57 UK businesses commissioned by Control Data Business Advisors and carried out recently by Aston University MBA student Janusz Heath*.

Although much has been written on "best practice" in this important field, Control Data claims the latest research is significant because the findings are directly related to company performance.

Based on interviews with senior finance or credit management executives, the survey highlights eight common characteristics of companies with a good record of chasing up debts.

"Good" was defined as 55 days sales outstanding (DSO) or less and 99 per cent or less overdues/current debtors ratio. Between 56 and 74 DSO was considered "average" and more than 75 DSO "poor."

The common factors among the more successful were as follows:

● Prompt despatch of invoice and statements. Almost four-fifths of "good performers" despatched invoices within three days of completion and 53 per cent their statements within three days of each accounting period.

● A collection procedure that concentrates on using tha telephone but keeps "contact actions" (ie, number of calls or letters) to a minimum.

● A firm approach to delinquent accounts. Three-fifths of the virtuous claimed to withhold future supplies to customers within 45 days of dna date, against 42 per cent of the guilty. Only half of the latter, however, adopted this approach as "routine."

● A close working relationship between credit and marketing/sales departments. Only 21 per cent of poor performers considered thair relationship "good," with 16 per cent admitting it was "adverse."

● Routine evaluation of prospective new customers is important. Trade references, bank references, reports from tha sales team, Dun and Bradsheet and tha company concerned were among the most frequently used sources.

● Regular review of existing cusomers' credit standing. Just over half the "good" companies carried ont reviews at regular intervals or when customers reached credit limits. More than half the "bad" admitted that they "never" or "rarely" made these reassessments.

● Collection performance measurement. Besides writing key reports, the good companies tended to budget for days sales outstanding and had cash collection targets.

● Personal quaiifications. More than half tha "poorer performing" businesses left their credit management in the hands of managers with no professional qualifications, compared with 18 per cent in the casa of "good performers." Indeed 71 per cent of tha managers from tha good performers were accountants or chartered secretaries.

By contrast with tha other conclusions thare seemed no obvious connection between company performance and the number of activa accounts per person employed on credit control or between performance and the type of statement used by companies in tha sample.

Nor was salary a reliable guide. Surprisingly the relevant executive in the poor performing companies enjoyed higher earnings than their bettar performing counterparts. Nearly 60 per cent of the "duds" earned in excess of £12,500, compared with just 32 per cent of those who had produced satisfactory results.

* *Available from Control Data Business Advisers, 179 Shaftesbury Avenue, London, WC2. £20.*

T. D.

How to get it together in the market place

BY TIM DICKSON

WHAT DO Big Ben Exports, Brit-Toys and the Kennington Office Cleaners' Co-operative have in common?

On casual inspection, perhaps, not o lot. But according to a new report to be published today by the Economists Advisory Group (EAG) the three organisations are all examples of how small UK businesses bave successfully clubbed together to market their products or services jointly under one umbrella.

Co-operative *buying*—through bulk purchasing organisations such as Mace and Unichem—is a familiar feature of small-scale UK retailing. But by contrast, co-operative *marketing* outside agriculture has not caught on in Britain in the way thet it has in other major Westarn economies.

The EAG report contains some evidenca that the idea could now be gaining ground in Britain.

Tha authors show, for example, that successful modeis have been established in a number of sectors and mointain that more small firms are becoming aware of the advantages of collaboration. "Faced with deepening recession, shrinking markets and the threat of bankruptcy, small firms are being forced to look at new initiatives for survival. There is more recognitiou of the need to develop industry-wide or group-product marketing strategies to reduce costs and to avoid unnecessary duplication," says the report.

The challange of "difficult" export markets such as tha Comecon countries and the Middla East have pushed others into setting up "joint ventures."

"Co-operativa" in this context incidentally should not be confused with those organisations which are owned and controlled by those working within them. "Co-operative marketing" is defined by the EAG as "several self-employed individuals or enterprises coming togethar in order to share some or all of their marketing and distribution activities, including those overseas."

The largest number of co-operative marketing enterprises are in Italy where the "consorzi" link together thousands of small firms and workers' co-operatives for marketing purposes.

Japan'a trading houses—the nine largest have at least 100 overseas posts each—unite large and small bosiuesses in powerful worldwide sales networks. And tha 83 manufacturing co-operatives in tha Basque Provinces of Spain are joined together by "secondary" organisations which provida a wida array of common services, including co-operative marketing.

EAG cites lack of awareness in Britain, inadequate Government support and incentives, cultural resistance, a largaly inappropriate lagal framework and the absence of dynamic leaders to crystallise group initiatives. Nevertheless, examples are highlighted outside agriculture notably in craft and cottage industries, wholesaling and retailing, and in giftware, clothing, footwaar and furniture businesses.

Marketing co-operatives, says the report, tend to develop where there are limited economies of scale in production (milk, bacon, eggs and vegetables are good examples), where there is a prepouderance of small firms and major economies of scala from markating and distribution.

"There are also particular periods in a product lifa cycle where co-operative marketing is more likely to occur. In the initial period where risks and research and development costs are bigh companies rarely group togather."

Among the benefits of co-operatiou ore reduced marketing costs, new market outlats, better overall marketing standards, more uegotiating power and more rapid responsa to cbanges in demand.

To be successful, companies should be co-operating for a specific purpose, relativaly few in uumber and be aiming at the same markets with common goals.

The downside perhaps is more obvious—small firms can be reluctant to change establishad methods, others prefer to remain small, and are fearful of losing control over management and planning.

As the authors admit: "The case studies described throughout the study are mainly successful. This may give an over-optimistic viaw of the benafits of co-operative marketing. Thare have doubtless been many failures but these are harder to trace becausa the concerns no longer exist."

**Co-operative marketing and joint trading for small firms. Prepared for the London Enterprise Agency and National Westminster Bank by Economists Advisory Group. Available from Lenta, 69 Cannon Street, London EC4. Tel.: 01-248 4444. Price £12.50.*

THE story of Big Ben Celery and the Fyffes Group is one of 55 case studies on joint marketing in tha EAG report. Fyffes Group—an established and experienced exporter—acts as agent to organise the export of celery ou behalf of one co-operative and two private companies which between them supply 60-70 per ceut of the UK market. The arrangement enables them to take advantage of the Fyffes overseas network, to share a common brand name "Big Ben," and to operate a collective pricing policy. Fyffes takes a nine per ceut commission but both sides seem happy—export sales trebled in 1982 from £80,000 to £½m.

Brit-Toys is a co-operative formed by four British manufacturers of toys to avoid the problems of supplying and breaking into overseas markets. The group bas a warehouse, an agent and a network of representatives in the United States. The agent is responsible for marketing decisions, and selects a complementary range for the brochure, for samples and for items to display at trade fairs. The British Toy-Makers Federation is aware of the venture but, says EAG, "will not commit itself to similar initiatives until it is assured of the group's success."

The Kennington Office Cleaners' Co-operative is an example of bow self-employed people bave gained benefits from joining together to sell a commou service. Established in 1978, thare are now 18 part-time employees. Says the EAG, "They improved their bargaining power by offering a higb quality, reliable cleaning service and were able to raise bourly rates."

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Contact: J L Pilkington, Integrated Business Computers, Brighton (0273) 673391 or write to: Hodgson Harris (Chartered Accountants) Barttelot Road Horsham RH12 1DQ

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Reply in first instance to Box F4153, Financial Times, 10 Cannon Street, London EC4P 4BY. All contacts will be dealt with confidentially.

EIU The Economist Intelligence Unit — Special Report No. 105 (Updated to March 1983)

Tax havens and their uses

As taxes steadily eat their way into corporate profits and disposable personal income, tax havens offer an opportunity of avoiding some or all of the burden. It shows what individual havens offer to both companies and individuals.

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C&L

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Cork Gully

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Further information from The Joint Receivers D.G.Rowlands, 1 Stanley Street, Liverpool L1 6AD Telephone: 051 227 4211 or J.E. McMillan, Enterprise House, Isambard Brunel Road, Portsmouth PO1 2RZ. Telephone: 0705 753175

Thornton Baker

BUSINESS FOR SALE BY RECEIVER
of
DIE CASTING MACHINE TOOLS LIMITED

A small established manufacturer of diecasting machinery, spares and accessories presently based in Hatfield.
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For more details, please contact C.J. Barlow, Arthur Young McClelland Moores & Co., Froomsgate House, Rupert Street, Bristol BS1 2QH. Tel: (0272) 298151. Telex: 449377.

Arthur Young McClelland Moores & Co.

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CONTRACTS

£9m refurbishment for House of Fraser stores

PMI, a project management partnership within the group APC International, has been awarded two contracts, total value £9m, by the House of Fraser in Scotland. Work has started on the £4m conversion of the old Arnotts store in North Bridge and the adjoining Carlton Hotel, owned by the Scottish Highland Hotels, into a new hotel. This new hotel of three-star standard will havo 159 double bedrooms, each with a bathroom, of which six will be syndicate rooms. There will also be 50 single rooms with their own bathrooms, four luxury suites and four executivo suites. In addition thore will be two bars, one on the ground floor and one on tho first floor, two function rooms (tho larger seating 250 covers), two meeting rooms (70 covers each), a dining room, a coffee shop end o lounge. There will be a leisure centre with squash courts, boalth rooms and sauna equipmont, and 12 snooker tables. The ground floor will bave 11 retail shops, each with their own basement. The House of Fraser, who already own Arnotts, will huy tho freebold of tho old Carlton end then the development will be leased to Scottish Highland Hotela who will run tho new hotel. Main contractors are Henry Boot (Scotland).

In Aberdeen, PMI will project manage the part-rebuild, part-refurbishment ond the construction of a 40,000 sq ft extension to tho House of Fraser store, e *listed* huilding. Total valuo of tho contract is £5m and demolition has startod. As a listed huilding, each stone has to be taken down end stored. The main contractor has yet to be appointed.

★

Building and civil engineering contracts valued at £4m have been awarded to A. MONK AND CO. This includes: at Bromborough, for *P.P.F. International*, work worth £2m for construction of o powders and liquids building of about 3,450 sq. metres on piled fonndations with concrete cased steel frame and reinforced concrete upper *floors;* at St. Fergus oil terminus near Peterhoad, a £230,000 contract for Soil Instruments, covering construction of an access road, erection of foncing, driving sheet steel piled *cofferdams and excavation;* for Hampshire County Council a £330,000 contract for construction of a short length of dual carriageway over a pedestrian subway, a roundabout, surfacing and minor works in the Market Way district of Portsmouth.

★

Repairs and improvements to 61 homes on the Berridge Estate, Edgware, are to be carried ont by WIMPEY CONSTRUCTION UK for the London Borough of Harrow under a £1.2m contract. Work includes repairs to roofs, replacement of windows, provision of sanitary fittings and kitchens, central heating, plumbing and electrics.

★

Detailed plans for a new 40-bed private hospital development at Waldorslade, Kent, bave been announced by United Medical Enterprises. LOVELL has won tho £2.2m contract as management contractors. *Work starts* ot the ond of the month. The hospital will have an operating theatre suite cootaining two theatres; an X-ray department with two major X-ray rooms and an Ultrasound-scanning unit; a physiotherapy department; four consulting rooms for consultant medical staff; and offices, stores and workshop. Tho 40 patieot bedrooms, which will bave en-suite bathrooms, includo three for "*high* dependency" patients, and four that will permit a parent to stay overnight with a child patient.

★

HIGGS AND HILL has won a £2.2m contract with Marconi Avionics at Linford Wood, Milton Keynes. The contract includes construction of a research and development block and canteen-social club, covoring *4,600 sq metres. The* single-storey research and devolopment huilding will be of steel frame construction on mass concreto foundation bases and reinforced concrete ground beams. Tho canteen, which will serve Marconi Avionics' existing premises in addition to the new hlock, provides 1,134 sq metres floor orea, with pitched roof incorporating steel framework and timber infill covered with roof tiles. Completion is due in early 1984.

A further £1.4m contract with Notional Westminster Bank for additional work at Priory House, Colmore Circus, Birmingham, *has been awarded to* Higgs and Hill for conversion of existing first floor oremises into office accommodation. Higgs and Hill is currently working on a £2.4m contract with National Westminster for the refurhishment of another part of Priory House.

★

A contract has been awarded to BALFOUR BEATTY CONSTRUCTION by British Nuclear Fuels for construction of a fuel waste store at Sellafield. The building is of reinforced concrete and is valued at £3.2m. Completion is expected in 20 months.

The company has been awarded a £572,000 contract hy North West Regional Authority for a two-storey extension at Withington Hospital, Nell Lane, Manchester. Completion is within 12 months. Balfour Beatty is part of the BICC Group.

CONTRACTS AND TENDERS

REPUBLIQUE POPULAIRE DU BENIN

(POPULAR REPUBLIC OF BENIN)

Societe Nationale pour la Promotion Agricole (SONAPRA) (National Company for the Promotion of Agriculture) is lauaching a call for tendors for the purchase of fertilizers and insecticides, financed jointly by:
—Gouvernement Rapublique Populaire du Benin
(The Government of tho Populor Republic al Benin)
—Association Internationale pour le Developpemont (IDA)
(International Development Association)
—Caisse Centrsle de Cooperstion Economique (CCCE)
(Central Economic Cooperation Fund)
—Fonds International pour le Developpement Agricole (FIDA)
(International Fund for Agricultural Development)
—Fonds de l'OPEP pour le Developpement
(OPEC Development Fund)

The offers ere for:
(A) Fertilizers
Lot No. 1: 9,500 tonnes of NPKSB compound fertilizer, formula 15-25-15-5 or 14-23-14-5-1
Lot No. 2: 4,000 tonnes of "long-life dosing 46 @ D Nitrogen" minimum
Lot No. 3: 4,109 tonnes of miscellaneous fertilizers.
(B) Insecticides and Treatment Equipment
Lot No. 1: 410,000 litres of binary products, formule ULV
Lot No. 2: 410,000 litres of simple pyrethrinoid products, formule ULV
Lot No. 3: 1,405 ULV spraying equipment.

Tho dossiers for this call for tendors may be obtained from SONAPRA, B.P. 933, Cotonou, or from tho Embassies of the Popular Republic of Benin, in return for payment of a sum of 40,000 CFA Francs.

The closing date for offers is 17 October 1983

COMPANY NOTICES

THE COMMERCIAL COMPANY OF SALONICA P.L.C.

NOTICE IS HEREBY GIVEN hat the Seventy Second ANNUAL MEETING of the Company will be held at the Company's offices in Athens (Greece), Kerkyras St. 4R on Wednesday the 9th day of November, 1983, at 10.00 a.m. for the following purposes:
1. To receive the Report of the Directors and the audited accounts of the Company for its financial year ended 31st December, 1982.
2. To propose the following resolution for the re-election of Directors of which special notice has been given to the Company in accordance with sections 42 and 185 of the Companies Act 1948: (a) that Mrs. Charlotte J. Saporta, Mr Dimitrios N. Spiliacos and Mr. Isaac E. Saporta who has attained the age of 70 years be re-elected, all together, as directors of the Company.
3. To approve that the appointment of the Auditors of the Company shall be elected by the Board of Directors.
4. To approve that the remuneration of the Auditors shall be fixed by the Board and to determine the remuneration of the Directors.

In accordance with Article 21 of the Articles of Association Shareholders desiring to be present or to vote at the meeting must deposit their shares at least five days before the Meeting at the offices of the Company at Thessaloniki, or the Company's Office in London, Messrs. Arthur Young McClelland Moores & Co. Rolls House, 7 Rolls Building, Fetter Lane, London EC4A 1NL, or at Pierson, Heldring & Pierson, Amsterdam.

Any member of the Company entitled to attend and vote at the Meeting may appoint another person (member of the Company or not) as his proxy to attend and vote instead of him.

By Order of the Board,
CHARLOTTE J. SAPORTA
Director

Salonica.
September 20, 1983.

THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

(Kongeriget Danmarks Hypotekbank og Finansforvaltning)
U.S.$60,000,000 GUARANTEED FLOATING RATE NOTES DUE 1990, SERIES LXXIII
EXTENDIBLE AT THE NOTEHOLDER'S OPTION TO 1994 IRREVOCABLY AND UNCONDITIONALLY GUARANTEED
BY
THE KINGDOM OF DENMARK

In accordance with the provisions of the Notes notice is hereby given that for the period from 11 October 1983 to 11 April 1984 the Notes will carry an interest rate of 9¼% per annum. The interest payable on the relevant interest payment date, 11 April 1984 against Coupon No. 4 will be U.S.$25,098.96.

The Chase Manhattan Bank, N.A.
London, Agent Bank

CITY OF GOTHENBURG
UA 11,000,000
9¼% 1979/1989 Bonds

NOTICE IS HEREBY GIVEN to Bondholders of the above loan that the principal amount redeemable on November 15, 1983, i.e. UA 500,000 *has been bought in the market.*
Amount outstanding: UA 10,000,000.

THE FISCAL AGENT
KREDIETBANK
S.A. LUXEMBOURGEOISE

Luxembourg.
October 11, 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN SHARP CORPORATION

We are pleased to confirm that copies of the Annual Report for the year ended March 31, 1983 are now available to EDR Holders upon application at the offices of the Depositary, Citibank, N.A., 336 Strand, London WC2R 1HB and the Agent, Citibank (Luxembourg) S.A., 10 Avenue Marie Therese, Luxembourg.

CITIBANK N.A.
London Depositary

October 11, 1983

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ART GALLERIES

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. MATTHEW SMITH—PAINTINGS until Oct. 22.

THE CLARENDON GALLERY, 8, Vigo St 01-439 4557. Jointly with THE PARKIN GALLERY, 11, Motcomb St., SW1 01-235 8144. "ARTISTS OF THE YELLOW BOOK AND THE CIRCLE OF OSCAR WILDE." 5 Oct.-31 Oct. Clarendon Gallery: 5-Oct.-5 Nov Parkin Gallery.

RICHARD GREEN, 44, Dover St., W1. 01-491 3277. ANNUAL EXHIBITION OF SPORTING PAINTINGS. Daily 10-6, Sats. 10-12.30. Opens 12 October

PARKER GALLERY, 12a-12b, Berkeley Street, London W1X 5AD (opposite Mayfair Hotel). Tel: 01-499 5903.

THE ARTS

NDR Symphony/Festival Hall

Max Loppert

At about the same time that Günter Wand became Chief Guest of the BBC Symphony Orchestra last season, he also took on the principal post of the Hamburg-based North German Radio Symphony. As the septuagenarian German conductor has revealed himself a force for good on the London orchestral scene — a senior musician whose ways are not just unspectacular but authoritative, wise, and inspiring—Sunday's concert (the first visit by this orchestra for some while) was naturally an occasion of inherent attractions.

It was indeed a fine concert. The playing was that of a model German orchestra — solidly-mettled strings, wind, and brass, all less notable for marks of individual distinction than for their harmonius blending into groups and as a unified ensemble. In Bruckner's Fifth Symphony—until towards the end of that long work faint signs of fatigue began to be detected—it was in fact difficult to separate one's admiration for the execution from one's deep involvement in the music; this is exactly the reaction the work ought to (but quite often fails to) produce. Perhaps the numinous halo of sound that Bruckner can also inspire from players was somewhat reduced; but in this dry hall, Brucknerian glow is a quality that takes considerable familiarity to counterfeit.

Wand is a master Bruckner conductor. The music flows under his direction; the various sections cohere; the mighty scale and cumulative impact of design are not optimistic ambitions of his performances but fully realised intentions. The lassitude that can sometimes creep over one at mid-point of the Fifth, or just when the scherzo is about to make its massive repeat, was never threatened, because the long view of each movement was so firmly and unfussily proclaimed. More important, the drawing together of themes for a monumental finale did not seem like a hammering-home of points already quite sufficiently made: the close of the symphony was an "arrival" of an authentic and thrilling kind.

The symphony was preceded by one of Haydn's, the E flat, no. 76. For this the orchestra reduced its numbers to a suitable minimum (at least for a modern-instrument band in a large hall), yet there was no sacrifice of the firmness of ensemble style later to be demonstrated in Bruckner.

In case anyone unfamiliar with Wand except in point of biographical detail had been expecting the work of a sere conductor-didact, the limpid balance of parts in the opening movement and the spry-spirited merriment of the finale must surely have set that impression to rest permanently.

Book Review

Antony Thorncroft

The love you make: Peter Brown and Steven Gaines. Macmillan. 401 pages.

This is a fascinating book. It tells, in a lively but dispassionate manner, the story of that phenomenon of the 1960s, the Beatles, not only from the inside but with a detail, a coherence and a seeming veracity which would seem to make any future books on the subject redundant. Perhaps one day a Beatle might lay down his memoirs but that would only offer a limited spotlight: here is daylight, perhaps sometimes clouded, but good enough to see it all clearly.

Peter Brown was with the Beatles from their Liverpool days and later helped to administer their business affairs. He was also a friend. In preparing this book with journalist Steven Gaines he talked to everyone—Beatles, wives, ex-wives, businessmen, the lot. Only Jane Asher kept mum.

So here it all is. And what an amazing story, with its remorseless inevitability. Given their background, there was little chance that the four boys could adapt to incredible fame, incredible wealth, incredible temptation. Within two years the rough living, and even rougher playing (in both senses) of a junk band in Hamburg had changed into oriental luxury.

Whatever a Beatle wanted, a Beatle got, be it a Greek island (sold unvisited after a few months), a home for John's Aunt Mimi (they toured the south coast until they spotted the one she wanted and money did the rest), or phone calls to high places to sort out drug raids by the police. Girls were never a problem—they formed a queue; drugs arrived later with ruinous effect.

But in the end it was haggles over money in the rootless period after Brian Epstein's death that did for the whole trip, that and the drugs and the intrusion of hard-headed women who knew what they wanted: unfortunately Yoko Ono, who wanted John and Linda Eastman, who wanted Paul, came from different planets.

It is the glorious mix up of it all which makes "The Love You Make" such an important book. On one side the convoluted business dealings, on the other the random searches for truth and stability which put the Beatles (sans sharp Paul) into the thrall of the Maharishi. The music is hardly touched on, although the interesting point is made that perhaps the best work, The White Album, was created during a drug free interlude. There is a scathing dissection of the Beatles music as solo performers.

The Beatles story makes the most extravagant American soap opera seem like readings from a 17th-century divine. Peter Brown makes few judgments. His best friend John, comes out the saddest and nastiest; Paul is nice but too knowing; George suffered too long from an inferiority complex induced by John and Ringo is simple but decent. But any reader might decide differently. He might also decide that being a Beatle was the cruellest trick ever played on four likeable Liverpool lads.

Music Halls remembered

An exhibition of the British Music Hall, *A little of what you fancy* . . . has opened at the Livesey Museum, 682 Old Kent Road, London, SE15, lasting until June 16, 1984. It provides a lively and informative display of the music hall, with personal items, like Little Tich's shoes and Marie Lloyd's stage outfits, and a mass of posters and memorabilia.

Although designed primarily for school-children the exhibition will be of great interest to aficionados of the Music Hall. There are barrel organs playing the old songs; videos of artistes; and a good historical pictorial guide, tracing the halls from their smoking concert days to their disappearance inside the post-1945 variety hills.

In defence of Fine Art

"53 83: Three Decades of Artists," the exhibition which now occupies the Diploma Galleries of The Royal Academy (until October 23), is if anything a little under-stated as a promotional exercise but none the worse for that; and it is most certainly straight-forward, admirably self-explanatory and to the point. It could hardly have come at a better time for its essential subject is the work done in the Fine Art departments of our art schools. In a time when higher education in general is under siege, it is the art school and within it the school of Fine Art, that will always be peculiarly vulnerable.

Those of us who live in London need look no further than Bromley to see what can happen when the knives come out; for there the good burghers, and their professional educational advisers, have volunteered the sacrifice of the Fine Art Degree Course at the Ravensbourne College of Art, a college that was custom-built upon the principle of the close intercourse between disciplines with Fine Art at the very heart of it and all for the sake of a Diploma Course for Television Technicians. The saving thus made for the loss of a major course does not appear to be quite what it was claimed to be and the whole exercise now appears to have been as previous and unnecessary as it was excessive: but egg on its face or not, the authority remains unrepentent and the Fine Art has gone.

But the show at the Academy can only treat such matters by implication, by demonstrating the kind of unquantifiable but substantial loss that would be suffered by us, as a civilised, cultured and educated community, should such policies become general. For "53 83" is far from being a limited exercise in defence and justification of student work as such: rather it makes the point, by the simple expedient of showing us what a representative selection of artists from certain schools are doing now, that what emerges from the peculiar processes of higher education in Fine Art is indeed a steady and continuing flow of real, practising and distinguished artists.

The schools thus marked out are not the three post-graduate centres, The Slade, The Academy and the Royal College, but the four art schools in London, Chelsea, Camberwell, the Central and St. Martin's, that fall within the orbit of the Inner London Education Authority. That they are so placed turns out to be a stroke of luck, for though they are perhaps not so widely known as their nominal seniors, they are in their several ways quite as distinguished, and attract a truly international constituency.

The great lie, which seduced the old art schools into the polytechnics and institutions of higher education up and down the country, as much for their future security as for any educational advantage — shared facilities, access to machinery and technological equipment, better libraries, and it is an honour to have you with us—is now exposed, as courses here and there are starved of funds, their teachers forced to stray into the quagmire of institutional politics to defend their corner. And all this when we know that our artists are as good as any, our designers seduced abroad, where they know their talents will not only be recognised but positively rewarded.

Now occasionally an encouraging noise is heard, when a minister receives a trade delegation, or the British Council waves the flag abroad (which it does tirelessly with few thanks), and a platitude or so is mouthed of intention to support. The real danger is that one day something will be done, and so general is the ignorance of the special, complex world of art and design, that it might well be quite the wrong thing. For once the point is made, it can stimulate a powerful response, and the point is sharpest where it is most particular. Design has persuasive apologists, but the last thing we should want is for it to be promoted at the expense of everything else—yet money speaks loudly, and there are always more votes in visible profit than in development, experiment, and pure research.

And when we begin to think of art and design as quite separate in their disciplines we move into trouble. We have only to look at the case of Architecture, which was indeed a Fine Art once, to see what happens when the split is made: for architects were once artists who applied their art; and for too long they have turned their backs on the disciplines of visual expression to be the creature rather of accountants, engineers, quantity surveyors. Goodness knows we want their buildings to stay up, but only if we can bear to see them.

The case is similar with Design, or could be; and the principle is worth defending as much in our art schools as in our universities, that the pursuit of disinterested and particular knowledge, discovery, expertise, must come first, for from them all else follows. Bromley thinks otherwise.

The four London art schools still put painting and sculpture at the centre of their affairs, not because the applied arts are in any way inferior or unworthy, but because primus inter pares the fine arts establish a culture, creative, various, exploratory, definitive, off which the others may feed.

The quiet, modest show in the Diploma Galleries is the demonstration, by way of established names who were students in the fifties—Caulfield, Greaves, Berg, Auerbach, Fantoni, Tilson; and in the sixties—Long, Flanagan, Moon, Hambling; to the most recent generation—Crowley, Farthing, Houshiary, Macfadyen. It is invidious to pick out the plums, succulent though they are, for it is the collective exercise that is the more important. The certainty is that many more bags could easily be filled, with no duplication, from the same 30 year crop.

The work of our art school alumni is hardly rare, of course, but it tends to come before us rather more as single spies than in so special a battalion; and now, as always, there are a number of exhibitions to recommend, though there is not the space to do them justice. Stephen Buckley is showing new work at Kasmin (until October 29), as forceful and direct as ever, but the imagery growing ever more packed and concentrated, the relief surfaces as evident and as basic to the pictorial structure as they always were, but the whole now so much more painterly than sculptural. His prints are up the road at Waddington.

Julian Hawkes has his new sculpture at the Juda Rowan (until November 4), and he too shows positive development in the work, his carving infinitely more personal now, both in its quietly fetishistic imagery and its direct and intuitive handling. He is less concerned now with making Sculpture, it seems, than in using sculpture to make an authentic personal statement.

And at the Gillian Jason Gallery in Camden Town there is Dick Lee, a painter lately retired from his full-time post at Camberwell, who has informed and entertained successive generations of students with his Practical Dada, the assemblage, reliefs cobbled together from all manner of junk and studio leavings to make the most refined, apt and functional of posters, notices and announcements. The jokes tend to be art jokes, the likenesses astonishing should you known the victim, the pleasure accessible to the total stranger (until October 28).

WILLIAM PACKER

Trevor Humphries

A visitor studies Maggi Hambling's "Frances Rose"

Annie Fischer/Elizabeth Hall

David Murray

On Sunday afternoon a loyal full house greeted Miss Fischer, who appeared looking more than ever like a Margit Kovács figurine. She played much-loved standard works: Mozart's F major Sonata K 332, the late Sonata in A of Schubert, Schumann's *Carnaval*. Sometimes, now, her fingers obey her imperfectly; there were fumbles and wrong notes — generally innocuous, but distracting in the Mozart finale and the Scherzo of the Schubert. Simply as music-making, of course, everything she did was as flowing and sweet-tempered as one expects of this sterling artist.

There was the usual stream of unassertive insights, too: Miss Fischer has a genius for illuminating familiar pieces in new ways, always with perfect naturalness. Warmly pedalled, her Mozart Allegro revealed surprising narrative turns through tiny emphases, with the stormy little drama in mid-development kept exactly to scale. The Adagio was sad and reticent, its elaborate ornaments treated very gently. Comparable simplicity made Schubert's Andantino timelessly doleful; in the trio of the Scherzo, and in the opening Allegretto, Miss Fischer found dark intimations in the lower piano register.

Schubert's singing Finale is pure Fischer territory, and she lavished imagination upon it. The serene rondo-tune acquired new tints at every recurrence, and there were light showers of sparks in the episodes. At the end, where Schubert makes a game of half-starting the tune in successive unlikely directions, Miss Fischer played it for real, experimenting with delightful puzzlement.

Carnaval had plenty of bold theatre and some real brilliance (as well as some bush shots). All the waltzes were seductive, each in its own way. "Chopin" mustered a grand sweep in a small space, between a pressing "Chiarina" and the forsaken "Estrella," uncommonly dark and sober. "Aveu" was a very fragile plea. The triple-time March of the Davidsbündler was soon swept up in a whirling round, a hit helter-skelter but exciting. Miss Fischer appears on the next two Sundays too: Chopin replaces Schubert on the 16th, and there is a lot of Dehussy and Brahms for the 23rd.

Helena Doese/Wigmore Hall

Rodney Milnes

This enormously likeable Swedish soprano has charmed opera audiences here with her Mimi at Covent Garden, her unusually vulnerable Tosca in Cardiff, and her Glyndebourne Ariadne. As a recitalist she is no less charming. Her warmth, sunny smile and naturally sympathetic stage manner invite and receive collective surrender. There is a total lack of artifice in her delivery: everything she sings comes straight from the heart, an organ altogether more appropriate to the repertory chosen for her Sunday evening recital—part of the "Sounds of Sweden" series —than a minutely calculating head.

As her operatic roles would suggest, her voice is sumptuous of tone, so much so that in the first part she had a little difficulty in gauging the size of the hall and fining the sound down precisely into the notes, and at times a snatched high note would disturb the shape of otherwise beautifully moulded phrases. And in the faster songs —Rangström's "An old dance rhythm," for instance, an endearingly Madcap Maisie romp—her use of portamento, so beguiling in gentler numbers, sounded slightly clumsy. But as the evening progressed, the control of her glorious voice became ever surer.

The first two groups in a well-chosen survey of Scandinavian song were devoted to Stenhammar and Peterson-Berger, on the whole artless but engagingly fresh stuff but with the odd surprise: the latter's "Yearning is my legacy" is all soulful minor ripples but ends with a quite unprepared major chord. There is more substance to Rangström with his restless harmonies, but the remembered passion of "A night prayer" and "The only moment" was properly restrained in Miss Doese's simply felt singing.

The Sibelius songs were chosen as if to demonstrate his versatility—the Schumann-like lyricism of "Diamond in the snow," the quasi-recitative of "Sigh, sedges, sigh," the highly dramatic "Black roses," all faultlessly done, as were the Grieg songs, including the exquisite "With a primrose" and the intense setting of Ibsen's "A swan."

A special word of praise for Eva Pataki, who not only gave all due support but also mined every ounce of musical interest from the accompaniments. The internal chromatic arabesques of Rangström's "Melody" were most cunningly voiced.

Robinson Crusoe/Dartford

Rodney Milnes

As a wet and windy autumn tightens its grip and the party conferences grind relentlessly on, we all need cheering up a bit, and little seems more warmly calculated to do the trick than Kent Opera's brilliant staging of Offenbach's *opéra comique*, loosely—Gallically loosely—based on Defoe.

The piece itself is a gem. Composed in the vintage 1860s for the establishment theatre rather than for one of Offenbach's own commercial enterprises, it is written with great care. The ensembles are beautifully crafted, with much dialogue and plot smoothly set within them, and the melodies carry great distinction even by the composer's own standards. Much of the music sounds astonishingly modern for 1867 —Man Friday's first number must be the earliest known example of a rumba, and the waltz accompanying the reuniting of Robinson and Edwige has the sinuousness of a Messager, a Poulenc, even.

The score is played with freshness and sparkle by the Kent Opera Orchestra under a properly appreciative Roger Norrington. Occasional uneasy balance was emphasised by the orchestra-heavy acoustics of the new Orchard Theatre, a comfortable but municipally unatmospheric building. The words, in Don White's snappy translation (with a new swipe at the Prime Minister added), may be more consistently audible later in the autumn tour.

For all the work's musical substance, Offenbach's anarchic sense of the ridiculous lurks in the most unexpected places: the juxtaposition of genuine sentiment and outrageous farce forever keeps audiences on their toes. The producer Adrian Slack, whose Gilbert and Sullivan productions for the company are still gratefully remembered, catches the work's pawky humour perfectly. His handling of the second-act finale in which Edwige, about to be burnt at the stake in an atmosphere of solemnity that is plainly *hommage à Pecheurs de perles* (1863), bursts into a long and elaborate waltz song is only one highlight in a skilfully sustained piece of comedy direction.

The comic mood is aided and abetted by Dermot Hayes's lavish decor (the show is sponsored by Sainsbury's), which up-dates the action to Edwardian times. The Crusoe family look like first cousins to the Pooters and, in a final burst of anarchy, the Pirates seem to have strayed on to the desert island not from Penzance but from a weird combination of *The Rocky Horror Show* and *Cat Ballou*. Yet by cunning alchemy it all remains more or less within the idiom of *opéra comique*.

The expert cast adds to the enjoyment. Neil Jenkins copes capably enough with Robinson's cruelly high tessitura and is an aware comedian, and Vivian Tierney (Edwige) really sounds like a French soprano—I mean that as a compliment. Eileen Hulse is a clear, tart soubrette, and Christopher Gillett actually makes the comic second-tenor role funny, quite an achievement. Only Eirian James's uncertainly frenetic Friday and Gordon Sandison's somnambulistic Jim need to be sharpened up a bit and, with a running time comfortably under three hours, Offenbach's sea-symphony entr'acte must be restored.

Vi Redd/Pizza Express

Kevin Henriques

It is astonishing to discover that it is over 15 years since Elvira "Vi" Redd last appeared in London. This effervescent lady from the West Coast of the U.S., who plays rooting, tooting blues alto-sax and has a gospelly-flavoured voice, is a formidable jazz musician as well as a whole-hearted entertainer.

Her alto style and fierce attack instantly evoke the masters of the instrument from Charlie Parker to Johnny Hodges via—importantly—Pete Brown and Louis Jordan. She clips off the choruses on fast tunes with ease and supreme confidence, her tone full, never rasping, always an aural delight. When she turns to slower numbers, such as "Willow Weep for Me," she saturates them with that low down bluesiness usually termed "funky" yet adequately investigates all avenues offered by the tune's structure.

From all standpoints Vi Redd is tremendous value for money. She is working with an ideal trio led by pianist Eddie Thompson with whom she finds easy rapport and stimulation. On "Misty," which she began at normal speed, Thompson accelerated the tempo for his solo which deliberately recalled its composer Erroll Garner, while on "Honeysuckle Rose" he deftly interpolated a snatch from another Fats Waller tune, "Handful of Keys."

Len Skeat (bass) and Jim Hall (drums) complete the trio and are an essential part of a joyous three-set programme which is felicitiously managed and presented by Miss Redd. She is at Pizza Express until next Sunday, October 16.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

October 7–13

LONDON

Royal Opera, Covent Garden: only one opera on show at Covent Garden this week – Massenet's Werther, with Giacomo Aragall and Yvonne Minton, conducted by Jacques Delacote.

English National Opera, Coliseum: Further performances of the controversial ENO production of Monteverdi's Orfeo by David Freeman, and of the new Rienzi, with Kenneth Woollam, Felicity Palmer and Kathryn Harries.

Sadler's Wells Theatre: the English Bach Festival ends its short season devoted to celebrating the Rameau tercentenary, with Platée and Naïs. Thereafter, further operas from this year's Buxton – a rare chance to see Gounod's delightful La Colombe, and the new children's opera by Herbert Chappell, James and the Giant Peach.

Royal Opera, Covent Garden: The Royal Ballet gives two performances of Swan Lake this week on Friday and Monday, and a triple bill on Wednesday.

PARIS

Nederlands Dans Theater: Choreography Jiri Kylian/William Forsythe, music Leds Janacek, Carlos Chávez, Igor Stravinsky; alternately. TMP-Châtelet (261 1983).

Théâtre National de l'Opéra de Paris: "Coppelia" conducted by John Lanchbery, original choreography for the 1st and 2nd act by Arthur Saint-Léon, adaptation and choreography for the 3rd act by Pierre Lacotte. Théâtre des Champs Elysées (723 4777).

The Joyce Trisler Danscompany in the framework of the Paris 21st International Dance Festival: Vivaldi, Stravinsky, Ives, Hindemith, choreography by Joyce Trisler, Milton Myers, Penny Howell. Théâtre des Champs Elysées (723 4777).

Dana Reitz: Field Papers. Centre Georges Pompidou (278 7995).

Rossini's "Moses" in a new production by Luca Ronconi conducted by Georges Pretre with Samuel Ramey and Shirley Verrett alternates with Puccini's Madame Butterfly conducted by Alain Lombard in a Teatro Communale de Florence production with Raina Kabaivanska as Madame Butterfly in the traditional version. Paris Opera (266 5022).

NEW YORK

Metropolitan Opera (Opera House): the third week of the centenary season features the first performance this season of Peter Grimes, accompanying performances this week of Les Troyens, La Fille du Regiment and La Forza del Destino. Lincoln Center (580 9830).

New York City Opera (New York State Theatre): Turandot, Les Pecheurs de Perles, Mice and Men, and Alcina. Lincoln Center (870 5570).

Marta Renzi & Dancers (Dance Theater Workshop): premiere of What Practice Makes, set to Beethoven string quartets and choreographed by Miss Renzi, highlights a three-week season. 19th St & 7th Av (691 6500).

WEST GERMANY

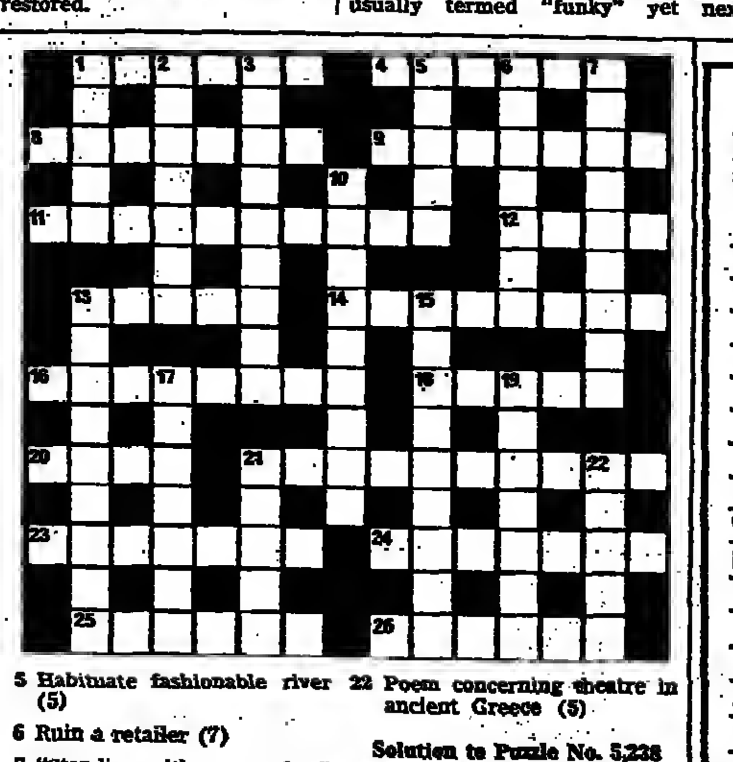
Berlin Deutsche Oper: premiering this month is Bernd Alois Zimmermann's Die Soldaten, presented for the first time in Berlin. It is produced by Hans Neuenfels and has Catherine Gayer and Rolf Kühne in the main parts. The Marriage of Figaro has Pilar Lorengar in the leading role. Karan Armstrong does justice to the title role in Salome as well as in Korngold's rarely played "Die Tote Stadt". Orpheus and Euridice, sung in Italian, rounds off the week.

Hamburg Staatsoper: acclaim for Alexander Zemlinsky's two operas "Eine Florentinische Tragödie, Der Geburtstag der Infantin", which reappeared on the German stage after a long absence. Premiering this week is a new production of Turandot, directed by Gian Carlo del Monaco, with Eva Marton in the title role. Arabella is of respectable standard with Judith Beckmann and Bernd Weikl in the leading roles.

Cologne Opera: at the occasion of this year's Wagner anniversary, Die Meistersinger von Nürnberg is presented this week featuring Manfred Schenk as Sachs.

Frankfurt Opera: Jenufa, reproduced this season, has Daniza Masilovic in the title role. Die Entführung Aus Dem Serail is conducted by Bernhard Kontarsky. Manon-Lescaut is an ultra-modern production by Hansgünther Heyme. Cav and Pag brings together Seppo Ruohonen and Galina Savova in the leading roles.

F.T. CROSSWORD PUZZLE No. 5,239



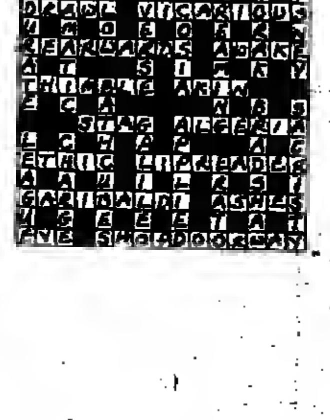
ACROSS

1 Swallow unfinished drink (6)
4 Flexible part of gun carriage (6)
8 Beat up and steal material (7)
9 Tractable canal by French island (7)
11 Rash desire perhaps to coat with zinc (10)
12 Hell! It stops the fish getting through (4)
13 Weller meets scholar at dance (5)
14 English leather can be refined (8)
16 Type of muscle displayed by adversary (8)
18 First zinke in catalogue illustrated by Cosima's father (5)
20 Worry caused to some extent by chief retiring (4)
21 Price not to change for defence (10)
23 Spare wheel in the East End of London (7)
24 It sounds more daring having a piece of rock (7)
25 Resign, otherwise end up such as Galli-Curci (6)
26 Flavour for spring say (6)

DOWN

1 Opening feature (5)
2 Ram the platform (7)
3 Bury apprentice with expert to bring together (9)
5 Habituate fashionable river (5)
6 Ruin a retailer (7)
7 "Standing with —— feet" (Longfellow) (9)
13 Divides ladies' garments (9)
15 Abaddon, note, brought forth a plant (9)
17 Part of South African farm has striking bridge (7)
19 Each piece of news provides guidance (9)
19 Pays for seats (7)
21 "Silence!" said the man on board (5)
22 Poem concerning theatre in ancient Greece (5)

Solution to Puzzle No. 5,238



MORE THAN A NEW LOOK, A NEW OUTLOOK.

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Tuesday October 11 1983

High stakes in Iraq

THE DELIVERY by France to Iraq of five Super-Etendard aircraft equipped with Exocet missiles will have little effect on the purely military balance of the Gulf War. The scale of the ground fighting has diminished in the past year with Iraq having constructed defences in depth and Iran incapable logistically of mounting the sustained offensive needed to achieve a decisive breakthrough. But behind the military stalemate is e continuing economic war of attrition where the balance of power lies clearly with Iran.

It is to this battle that the delivery of the Super-Etendards is addressed. Iran has been able to restore e healthy level of oil exports, sufficient to finance the war and resume a degree of economic development. Iraq, however, has been reduced to a single pipeline to Turkey which produces insufficient revenue even to cover its overall military costs. Until Iraq can resume shipments through the Gulf it will remain to an extent dependent on the hitherto generous financial assistance provided by Saudi Arabia and other Gulf oil-exporting countries.

Economic lifeline

The Iraqi Government has made it clear that the Super-Etendards are intended to restore the economic balance of the war. The main purpose of Exocet missiles is to ettack shipping. Because Super-Etendards can leunch Exocet from a greater distance and with more accuracy than other weapons in the Iraqi arsenal, Iran fears with some justification, thet tankers approeching its main terminal at Kharg Island could come under threat.

Accordingly Iran has pledged tc disrupt all shipping in the Gulf if its own economic lifeline is put at risk. With a fifth of the non-communist world's oil supply transported through the Strait of Hormuz et the mouth of the Gulf, the implications for the industrialised nations are clear enough.

France has chosen to ignore, or at least to play down, those implications by delivering the Super-Etendards. The Iraqi Air Force may well prove incapable, as it has in the past, of using new weapons systems effectively. But one Exocet strike on a supertanker would raise serious doubts in any captain's mind of taking his vessel through the Strait of Hormuz.

Why, then, has France acted in this way, despite strong pressure from the U.S. and some of its European allies? In part, it seems, because France believes that the Exocet threat will soften Iranian intransigence and help persuade Ayatollah Khomeini to come to the negotiating table.

Paris argues that an Iranian victory would be the worst possible outcome to the war, that the Super-Etendards will strengthen Iraqi morale, and will, anyway, not prove anywhere near so cataclysmic as some Western countries have been suggesting. Rather more pertinent may be the fact that Iraq's overall debt to France is close to \$8bn, of which nearly \$2.4bn was due this year but had to be rescheduled.

The prospects for France receiving more than token payments looks to be remote until Iraq can resume sustained oil exports. It is therefore understandable, given France's domestic economic difficulties, that President Mitterrand should seek some way out of the impasse.

But the chosen path is potentially more hazardous than the current situation. Over the past three years successive peace missions to the region have found the Iranian regime totally unyielding and unprepared to compromise on its war aims—essentially the overthrow of the ruling Ba'ath Party in Baghdad.

Some Middle Eastern diplomets believe that Iraq will not use the Super-Etendards against Iranian vessels except as e last resort. They see the flurry of threats which eccompanied delivery as e highly effective way of loosening Saudi Arabia's purse strings and ensuring greater financial assistance to Iraq, which in its turn would be of benefit to France.

Be that as it may, there is no denying that in Washington and other European capitals there is grave concern over the French action. The presence of a U.S. naval carrier force within a short steaming distance of the Strait of Hormuz emphasis the American assertion that freedom of navigetion through the Strait is a vital Western interest.

French foreign policy often contains a highly individualistic flavour. But the very strong element of risk inherent in its current actions illustrates just how dangerous a dilemma can result when a country commits too many financial and commercial eggs to one basket.

Reforming local government

AT AROUND the same time that Mr Peter Walker was creating the metropolitan county councils 10 years ago, the Conservative Party was committing itself to abolishing the rates.

It falls to Mr Patrick Jenkin, Environment Secretary, to explain to what may be an unsympathetic audience during today's party conference debete why the Goverument now thinks both ideas were mistaken. To try to take some of the steam out of the debate, he rushed out last week's White Paper on abolition of the metropolitan counties and the Greater London Council. But this White Paper proposes nothing to ameliorate the current difficulties facing local government. Instead, it threatens to weaken further the local democratic processes.

New situation

The six metropolitan counties were created by Mr Walker in 1974 after years of discussion during the expansive 1960s and early 1970s, when corporate management and grand strategies were the order of the day. Costs were not the issue they are in today's depressed national and international climate: the emphasis then was on grandiose plans with town halls to match, as a reflection of the idea that growth would feed itself. In short, big was beautiful.

The Government now takes the opposite view. Valne for money and smaller-cost centres are the order of the day, with no foreseeable possibility of a return to resources in abundance. All the metropolitan counties together with the GLC are to disappear by April 1986. Their minor functions will pass to the district councils and London boroughs; the major services, such as police, fire and transport, will be run by a mixture of bodies, none directly elected. Some will be joint local authority boards, with each district council nominating a few members; others will be quangoes. All will have the right to levy rate precepts. All will have their budgets controlled by the Environment Department for at least three years.

The proposals are uninspiring, not least because of the suspicion that an element of political pique is behind the decision to remove by legislation Britain's seven largest units of Labour-controlled local government.

Conservative ministers who during the Government's first term of office were preaching enhanced accountability and stronger links in local government between the payers and providers are now proposing to create a string of bodies whose decisions, financial and political, cannot be adjudicated through the ballot box. Instead, they will be subject to yet more control and interference from the centre.

This is not to say that the present structure of local government is satisfactory. Nor is it to say that the GLC and the metropolitan counties have done mnch to warrant excessive sympathy. Plainly, that is not the case.

The clearest way for Mr Jenkin to assuage frustrated ratepayers of all parties would be to embark on a considered review of how best to organise local government and its finance for local communities well into the next century.

Except, perhaps in London, there is a good case to be made for unitary authortiies in all urban and shire areas which would be small enough for ratepayers to relate to but large enough to run their own services. At the same time the mis-match between the burden which rates now have to carry and the small proportion of people on whom the bill falls needs to be corrected. More people should be asked to contribute to the cost of services from which their community benefits. either through e broadening of the property tax base or by the introduction of supplementary local taxes, or both.

The overriding principle must remain a locally elected council directly accountable for its expenditure decisions to the local community. The sounder the financial base and the clearer the link between the cost of services and the rata bill the better will be the quality of local democracy.

Waiting for the verdict on Japan's 'Watergate'

Jurek Martin, in Tokyo, reports on the eve of the court findings in the trial of former Prime Minister Kakuei Tanaka

THERE ARE two reasons why what happens in e rather ordinary Tokyo court room at 10 o'clock tomorrow morning is of a political importance far surpassing anything else in contemporary Japanese affairs. The first is what it does to Kakuei Tanaka, by any standards the most extraordinary Japanese politician of the post-war years: the second, intimately related, is what it portends for the future of Yasuhiro Nakasone, by most external standards the most promising Japanese leader to have emerged over that time span.

Add to this intrinsic importance the unique flavour that inevitably accompanies the climax of the criminal trial of e former head of government, especially when that trial has lasted six and a half headline-making years, and the stuff of national melodrama is more than apparent. It is perhaps too facile to call it the Japanese Watergate, but it is of the same dimension and, for a country which does not normally wear its emotions on its sleeve, the impact is exceptional.

Kakuei Tanaka is sometimes likened to the two Richards—Nixon, the President, and Daley, the former Chicago Mayor. He is the quintessential outsider who learned how to run a political establishment better than the insiders who thought they owned it, the blunt construction magnate from the Japan Sea coast devoid of the assured elegance of Tokyo and Kyoto, the ruthless political and commercial operator always willing to sail close to the wind, and the other side of it, in pursuit of his goals. He scratched, clawed, married, and fought his way to the top of Japanese politics. When be became Prime Minister in July, 1972, laying low in the process that establishment doyen, Takeo Fukuda, be was only 54, an infant by Japanese political yardsticks, and the public at large was captivated.

Even today, though his personal popularity has waned, he is still widely perceived as the most powerful politician in the land. Yet it is nearly nine years since he was forced to resign, largely because his use of money—politically in the 1974 Upper House elections and personally in his private real estate dealings in public land sales—was too gross even by lax Japanese *mores*; seven years since he first saw the inside of a jail during the initial Lockheed investigations; six years since be formally left the ruling Liberal Democratic Party (though not his seat in the Diet); and be remains powerful in spite of the fact that the Japanese media and political establishment spend most of their time beaping coals on his head.

His endurance is explained by his machine, built on money and patronage, which is comfortably the best in Japanese politics. One in four LDP members of the Diet belong to the faction that bears his name. It is almost a party within a party and his own problems notwithstanding, it is actually growing in strength.

He remains a kingmaker inside the LDP. His backing was indispensible when Mr Nakasone became Prime Minister last November ("why shouldn't a large shareholder sometimes name the president of the company," was one recent and rare Tanaka *bon mot*). He spends most of his time in his large house in one of Tokyo's most select districts, receiving endless streams of visitors. He does not need to go out much or even attempt to be popular again. Richard Nixon and Edward Heath, who both lost office in the same year, must wish they enjoyed the same clout.

Because he is what he is, it it eminently within Mr Tanaka's power to deflate at a stroke the immense balloon of anticipated political confusion. Assuming he is found guilty, which almost every Japanese does, he could simply resign his Diet seat while launching his appeal against conviction. He could always run again and his Niigata constituency, which would not have its new, high-speed bullet train without him, would almost certainly return him.

But a Tanaka resignation does not look likely. A close associate explained recently that Mr Tanaka believed he was contributing to the strengthening of Japanese democracy by remaining in the Diet while allowing the legal process to run its course to the final appeals judgment. Mr Tanaka will almost certainly appeal if he is found guilty. Of course he could bow out on health grounds (he wanted to go to hospital last Monday but his doctor decreed that his hypertension was not serious enough) but no-one is betting on it.

If Mr Tanaka resolves to stay put, then problems accrue for Mr Nakasone. The worst case scenario for the current Prime Minister probably occurs in the event of Mr Tanaka's acquittal or, if the Government uses obscure constitutional grounds to throw out any conviction, or if he receives a very light sentence (less than three years in jail and no restitutory fine, for instance). In any of these circumstances, the country would undoubtedly cry "fix" and attention would be immediately drawn to the fact that Mr Nakasone's Justice Minister, Mr Akiro Hatano is an old Tanaka associate and that Mr Nakasone's closest advisers (Cabinet Secretary Gotoda, LDP Secretary General Nikkaido and Finance Minister Takeshita) are all from the Tanaka camp.

Less bad, more likely, but still unpredictable is the chain of events if Mr Tanaka is given the maximum sentence and refuses to resign from the Diet. Here the great question is not so much public uproar or even the sound and fury of the political opposition: it is how the LDP behaves.

The inevitable opposition motion to oust Mr Tanaka from the Diet could not succeed unless enough non-Tanaka faction LDP members support it or abstain from voting. Their distaste for Mr Tanaka appears profound but it is not clear if it is greater than their fear of being forced into an all-but-instant general election in which the political establishment, which means the LDP, is not going to be held in the highest public esteem.

It is widely believed that there will be an election by January at the latest in any case. The LDP is in no real danger of losing power, but it is expected to lose seats, partly because of the Tanaka factor and partly because it made artificially large gains in the last election in 1980 when Prime Minister Ohira died shortly before voting day. For Mr Nakasone, as the party standard bearer, the problem is what constitutes an acceptable loss. He obviously would like to be able to determine the precise timing of an election and the circumstances in which it is called.

For others in the LDP hierarchy, however, the perspectives are sometimes different: some are potential rivals of Mr Nakasone who would not mind seeing his grip weakened: others are concerned, more narrowly, about the readiness of their own factions to fight the election: in this sort of war-within-a-war, the Tanaka legions are, of course, prepared, but the second largest faction, beholden to Mr Zenko Suzuki, reportedly is not.

Some of Mr Tanaka's ancient enemies, Mr Fukuda and Mr Takeo Miki, for example, sometimes talk of breaking away from the LDP (and thus Mr Tanaka) to form a new party in allience with some of the smaller centre parties. But, for the Fukuda faction, that could scuttle the prime ministerial ambitions of Mr Fukuda's son-in-law and factional heir apparent, Mr Shintaro Abe, currently the Foreign Minister. Others, like Mr Toshio Komoto, seem mostly to want to get Mr Tanaka anyway they can. The politics are labyrinthine, backstage and not easily readable.

For what it is worth, the suspicion at the end of last week was that the LDP was showing distinct signs of cohesion. There are several other major issues in the Diet at present, any one of which could cause the government trouble, but one of the stickiest, streamlining government operations, was neatly disposed of in advance of the Tanaka eruption. If the same purpose is shown after the verdict, political confusion could be kept under control (the Tokyo stock market, for one seems to believe this).

However, this nothing if not a testing time for Mr Nakasone. He would not be Prime Minister today without Mr Tanaka, and his Cabinet reflects that debt. Yet, over the past year he has seemed to move away from his mentor: he did not, for example, oblige him with a midsummer election, which is what Mr Tanaka wanted. But paradoxically, the Nakasone style is irresistibly reminiscent of that of Prime Minister Tanaka 10 years before, especially in its bluntness of expression and in its assertive foreign policy; both made it to the top as outsiders.

Just as America survived Watergate Japan will outlive Lockheed. But there is in the air just the scent of unease about the way the country is run — the cosy relationship between the politicians and the bureaucrats, the extent to which money greases the political wheels.

So long as the system delivered the goods pragmatic Japan did not complain, not surprisingly since the political alternatives were either ineffective or unappealing. But there is now at least some questioning of the *modus operandi*. In a way, the fall from grace, though not political power, of Mr Tanaka has crystallised this shift in perception.

Lockheed

The five men in the dock

IN THE dock will be five men: Mr Kakuei Tanaka, Prime Minister of Japan from July 1972 to November 1974; Mr Toshio Enomoto, his private secretary at the time, and three former senior executives of Marubeni, the prominent trading company, Mr Hiro Hiyama, then chairman, and Mr Toshiharu Okubo and Mr Hiroshi Ito, both managing directors.

They are charged, under various statutes, with effecting the transmission and receipt of Y500m (then worth roughly \$1.8m) in payments from the Lockheed Corporation to Mr Tanaka in connection with the sale of Lockheed TriStar airliners to All Nippon Airways.

The prosecution's case is that on August 23, 1972, one day after a meeting between Mr A. Carl Kotchian, then Lockheed's president, and the Marubeni officials, who were acting as Lockheed's Japanese agent, Mr Hiyama and Mr Okubo went to Mr Tanaka's Tokyo home to propose the payments: and that he is said to have replied with the now immortal words "yosha, yosha" ("OK, OK"). On October 28, 1972, ANA announced it was buying six TriStars and taking out options on 15 more, an order worth about \$430m.

The prosecution then charges that on four separate occasions, beginning on August 10, 1973 round the back of the British Embassy and ending on March 1, 1974 in Mr Ito's apartment, Mr Enomoto took delivery (in cash, in cardboard boxes) of the agreed Y500m to pass on to his employer.

Throughout the trial, spanning six and a half years and over 180 separate courtroom sessions, Mr Tanaka has maintained his innocence. He had been detained for 20 days in the summer of 1976 for pre-trial cross-examination bot said absolutely nothing in court until December 22 last year when, in dramatic personal testimony, he asserted that if Mr Hiyama had ever made such an offer he would have kicked him

Mr Enomoto's position has been less consistent: in a pre-trial deposition, he admitted receiving the money: for much of the trial itself, he insisted he had not and sought to establish alibis for the four occasions: however his estranged wife testified she had heard him talking about handling the cash: then, earlier this year, in a magazine interview, Mr Enomoto conceded again he had received money, but not in connection with Lockheed.

The three ex-Marubeni men have not, in effect, denied facilitating the alleged payments, but, though their individual defences vary, they have maintained that they did not initiate or solicit them from Lockheed, that they were acting only as Lockheed's "messenger boy," and that the payments were not bribes but merely "political donations" of the type extremely common in Japan. All three, however, have pleaded guilty to perjury charges.

Altogether, 16 people, several of considerable prominence, were accused, in four separate trials, of conveying a grand total of Y3.2bn on Lockheed's behalf to various Japanese promoters and politicians or of receiving payments. In 1981 and 1982, ten of these were convicted (including the former president of ANA, the Transportation Minister in the Tanaka Cabinet and his deputy, and a well known tourism tycoon with close ties to Mr Tanaka), while the verdict on the 11th (Mr Yoshio Kodoma, reputed to be one of Japan's largest financiers of ultra Right-wing causes) has been postponed because of his ill-health. The five now awaiting the court's judgment are the last of the 16 to be formally charged.

In spite of the presentation of extensive circumstantial and corrorobative evidence, the heart of the prosecution case has always been the testimony of the Lockheed executives, who, in return, were granted immunity from indictment.

The prosecution has asked that Mr Tanaka be sentenced to five years in jail, plus a Y500m penalty (equivalent to the bribe), for accepting bribes and violating the foreign exchange control laws: that Mr Hiyama get four years, for conspiring to bribe Mr Tanaka, for perjury and for exchange control law violations, that Mr Ito and Mr Okubo be jailed for 2½ years on the same counts, and Mr Enomoto for one year

Men & Matters

Revivalist

The Welsh are in an eclectic mood, it seems. The chief executive of the Welsh Development Agency until his death last March was a well-respected Scotsman, Ian Gray.

Now Nicholas Edwards, secretary of state for Wales, and his advisers have chosen e new chief executive. He turns out to be another Scotsman.

Not that David Weterstone, aged 48, who takes up the £33,500 post at once can be eccused of being a kilted refugee from the Highlands.

One of the more urbane men in British industry, Waterstone is more at home speaking Jepanese than Gaelic. He has been one of the brighter young stars of the Foreign Office in his time, becoming a fluent Japanese linguist during his posting as political secretary in the British embassy Tokyo.

As South Wales has become a favourite part of the United Kingdom for Japanese industrial investment Waterstone's appointment may have been made with an eye to him usng his special skill to keep up the momentum.

As overlord of a budget of upwards of £100m a year for revitalising the industrial economy of Wales, Waterstone will be much concerned with filling the vacuum left by the swift decline of iron and steelmaking. Here again he will be well equipped. He left the old government agency, the Industrial Reorganisation Corporation in 1971 to become a senior executive at British Steel, and was appointed commercial manager and a main board member before moving on to chairman of two offshoots, the engineers Rednath Dorman Long, and BSC Chemicals.

He negotieted the sale of the RDL engineering interests to the private sector — an achievement that was undoubtedly marked to his credit when candidates for his new job were being considered. For the concerned" with increasing the involvement of the private sector in Welsh development.

Japanese hooked

A. E. Partridge and Sons (1970) has decided to make life e little easier for Japanese salmon fishermen whose English may not be 100 per cent.

The company has decided that henceforth it will call itself simply Partridge of Redditch. As it now accounts for more than 95 per cent of all the fish hooks made in Britain that will be decidedly helpful to its many foreign customers.

Alan Bramley, who took control of the company 13 years ago, says, "The Japanese are particularly enthusiastic fly fishermen. We have broken into that market in the last five years. Partridge has survived where most other British fish hook companies have failed and is now turning out £400,000 worth of fly, sea, and freshwater hooks a year.

Watt's gone

James Watt, who resigned as U.S. Secretary of the Interior at tha weekend, is by his own confession a born-again Christian who believed he had a God-sent mission to help make America great again by releasing the vast natural energy resources under government control to private enterprise. Supported to the end by President Ronald Reagan and an alliance of Western conservatives, he was regarded by liberals and environmentalists as part bogeyman, part figure of fun.

His name lent itself naturally to bumper stickers. "Watt's wrong" was once popular, yielding more recently to "Watt's next."

There were constant jokes like: "How much power does it take to destroy the environment? Just one Watt."

In many ways, Watt was his own worst enemy. He covered himself in ridicule by trying to ban the popular Beach Boys rock group from Washington's July 4 celebrations; and to emphasise the new conservative direction of his policies, he had the bison image on the Interior Secretary's official seal flipped round so that it now faces right, after facing left for 132 years.

But some of his remarks were distinctly unfunny, and it was that in the end that caused his downfall. Wett described Indian reservations as prime examples of the failure of socialism, said that the country should be divided into "liberals and Americans" and warned the Israeli ambassador that the Reagan administration's support for Israel would weaken if liberal Jews opposed his controversial offshore oil drilling programme.

Finally, he comprehensively insulted well over half the electorate by patronisingly referring to members of one of his commissions as "a black, a woman, two Jews and a cripple."

As leading Republican senator Robert Dole pnt it: "We just can't stand, every two or three months, Mr Watt making some comment to offend another 20 or 30 or 40 million people." Or as Watt himself said to President Reagan in early 1981, "You'll have to back me and back me and back me and then fire me." Writing his resignation letter at the week-end, he began "Dear Mr President, the time has come . . ."

Banker bets

A circular sent to Barclays' shareholders yesterday contains a mass of information about the reshaping of the bank into e single unit—but nary a word on who will occupy the top slots in the new power structure.

Speculation within the bank itself is rife, fuelled by publication in the latest staff newspaper of a disgram showing what the new posts will be, but again omitting any names.

Things will stay the same, of course, in the bank's highest reaches. Tim Bevan will remain chairman, and Henry Lambert and Frank Dolling deputy chairmen.

The key question is, who will occupy the new, powerful post of chief general manager with the vital role of pulling the bank into its new shape?

Odds within the bank are on John Grand Quinton, the chubby, energetic senior general manager on the domestic side for the past three years. Quinton, who is 53, seems to have the edge over another contender, Peter Leslie, who used to head the international side but has just moved ecross to become senior general manager, finance, making another move unlikely for a while.

Quinton presides over a part of the bank with good management depth, so a change for him should be no problem. Tipped as his successor is Andrew Buxton, a rising star who heads the division that handles Barclays' corporate clients. Buxton has the edvantage, too, of links with the strong family traditions at Barclays.

Table talk

"This is what we call an occasional table, sir," the assistant in e London West End store explained to an Arab customer. "Very good," the Arab replied. "And the rest of the times, what is it?"

Observer

Letters to the Editor

Reducing the tax burden

From Professor D. Myddelton

Sir, — Samuel Brittan (October 6) has fallen prey to the "tax expenditure" fallacy. Arguing that there are ways of "reducing the tax burden without cutting social service spending," he says: "The key is to slash spending in all the many areas of special-interest group support. Discriminatory tax reliefs in favour of home purchasers and of pension funds should ho phased out."

But theso are proposals to increase taxation, not to slash government speoding. To regard sucb reliefs as equivalent to government spending is in effect to regard all income as belonging to the state. The same view could be taken of taxing income at any rate less than 100 per cent.

Those of us who advocate a competitive market economy, of course, believe that tho many powerful arguments in favour of consumer choice, producer incentives, and all the rest, also apply to education and health services.

Surely that is the really promising radical path forwards: both to eliminate unnecessary discrimination in tho tax system (as Samuol Brittan advocates) and genuinely to reduce government spending on the welfare state to enable ns all to benefit from the tremendous advantages of the competitive market. Those two reforms together would allow very substantial cuts in basic rates of income tax, value added tax, and other taxes.

Professor D. R. Myddelton.
Cranfield School of Management
Cranfield, Bedford.

A capital-owning society

From the Chairman,
Wider Share Ownership Council

Sir,—Professor Beenstock'a analysis (October 5) of the capital and income-expectation olements of a pension arrangement is most useful, although some readers may feel that he makes rather beavy weather of it.

The process by which an accumulated fund is converted into a retirement income is, simply, an annuity, and the various differences between prospective annuitants, are, of course, taken into account by the insurance company concerned. This conversion process is a regular feature of pension arrangements for the "self-employed." An occupational scheme, as Professor Beenstock reminds us, glosses all this over.

In an ideal world, as is now being increasingly recognised, there would be no occupational schemes; everyone would buy his pension or make such other arrangements as he might think best. Reluctance to accept this results in tinkering compromises such as that of the Occupational Pensions Board; acceptance leads to tho commendahly radical recommendations of the Centre for Policy Studies. The latter have the further merit of "personalisation" of assets—conducing, as the CPS claims, towards a wider capital owning society.

Edgar Palamountain.
126 Hayes Lane,
Kenley, Surrey.


Occupational pensions
The 'early leaver' problem—and beyond
By Michael Beenstock

From Mr P. Hill

Sir,—I read with great interest the articlo by Professor Michael Beenstock (October 5) on the subject of occupational pensions with regard to the "early leaver." Since I qualify as such, I wholeheartedly agree with the good Professor's views and would welcome change along the lines which he proposes. I would, however, make the following points.

I have "left behind" 10 years of pensionable service on which I will receive a pension (index linked) based on my salary level when still in a comparatively junior post. Having started my contributions at age 18, however, I would have reached the scheme's maximum of 40 years' contribntion at age 58. Since, however, I have joined the second scheme with a clean sheet, I can now go on until I reach 65 years of age, having made 35 years' contributions, and enjoy a total of 45 years of eontribntions. I hope that this will go some way to alleviate the disadvantages of being an "early leaver."

While I think that I could get a reasonably good deal from tha scheme proposed by Professor Beenstock, does he envisage the total dismantling of the current pension scheme so that those in my position might have our previous contributions allocated on a personal basis and available *for investment in the fund of* their choice?

P. R. Hill.
12, Woodsgate Park,
Bexhill-on-Sea, East Sussex.

From Mr C. Baker

Sir,—Both Mr Martin Paterson (September 28), for whose knowledge of pensions I have the greatest respect, and an anonymous correspondent who has written to me, seem to cloud the basic issue of the question of revaluing the pensions of early leavers.

When an actuary calculates the funding rate for a scheme he assumes that leavers will either have a "frozen" pension or a transfer valne. If this assumption is overthrown by subsequent legislation producing compulsory revaluation, surely the calculations of the actuary must likewise be overthrown. To revalue pensions must cost money and the money must come from somewhere. To my mind, no amount of financial jiggery-pokery can avoid this; indeed, surely that is what we are beginning to see nationally where it becomes ever clearer that the cost of the welfare state with its ever-increasing benefits is becoming a frightening burden on the economy of the country. As I have said extra benefits must bring extra cost.

C. P. Baker
Broad Oak House,
Odiham, Hampshire.

A question of good faith

From Mr R. Ledingham

Sir,—Mr Lowe's letter, "A question of good faith" (October 5), is promoting a sense of fair play in taxation policy. Perhaps we the British could take the lead in applying this revolotionary concept by repaying retrospective windfall profit taxation on U.S. companies' North Sea oil earnings.

If British companies wish to do business in the U.S. then they surely must recognise that the U.S., liko every country, has indeed "gotten" their own rules.

These include unitary taxation and the potentially more expensive Robinson-Patman and Sherman Anti-trust Acts, Anti-Boycott legislation and the Foreign Corrupt Practices Act. If any British company sets np in the U.S. without taking skilled legal advice it runs very high risks indeed.

It could also be said that due to lack of knowledgo of U.S. legislation, European companies are ignoring a huge potential advantage over their U.S. counterparts when competing for business in the rest of the world.

Mr Taubeneck did explain that the U.S. President cannot constitutionally "ban". the individual states' use of unitary taxation. Ho also explained that U.S.-based multinationals have lived with unitary taxation for many years in reasonahle harmony.

Much could be done to redoce the injustice and excess administrative burden of California's taxation practices, bnt a pressure group with no official Government backing, asking President Reagan to abolish unitary state taxes is somewhat akin to an assortment of rugby clubs asking the American Football League to ban the forward pass.

R. A. Ledingham.
6 Hardwick Road, Hethe, Oxon.

Slower than Dick Turpin

From Mrs M. Swain

Sir, — My husband and I are joint small shareholders in BP, and in the recent sale we applied for an extra 300 shares at "striking price."

We were not among those whose cheques were cashed, but were amazed on arriving home from holiday to find the form and cheque returned marked "Received too late."

We find this hard to believe, as the form was posted at 10.30 am on Wednesday, September 21 with a first-class stamp; but if it really is the case that a businessman cannot post a letter from Manchester to London and receive a reply in the same week, is it any wonder so many firms are struggling to survive? Dick Turpin could have got it there quicker.

Presumably the mail goes Inter City by rail and I wonder what sort of train this is supposed to be the age of? A mule train perhaps?

(Mrs) M. A. Swain.
20, Huxley Drive, Bramhall,
Stockport, Cheshire.

Excited twitchers in the City

From Dr A. Cottey

Sir, — City ornithologist N. C. J. Button does not seem worried about his own survival. From his letter it would seem that he is the kind of ornithologist known as a twitcher, wbo becomes so excited on spotting an exotic species as to lose *physical self-control.* Mr Button has evidently also lost the ability to reason. In a world containing war weapons equivalent to 3 tons of TNT for every man, woman and child on earth, ho should be worried.

His reference to the Sahar is further evidence that it is he, and not the Greater Spotted Punk, who is confused. Please withdraw your head from the sand Mr Button, and observe tha world as it is!

(Dr) A. A. Cottey.
23, Springfields, Poringland,
Norwich.

The law of one price

From the Director of Studies,
Trade Policy Research Centre.

Sir,—With the *ad hominem* attack on me of his letter of October 4, Mr Mitchell has hrought the debate to an unedifyingly low level. I do not intend to continue in this vein but merely to distinguish the real from the imaginary issues under discussion.

As I stated in my letter of September 20, the "law of one price" is not monetarist and it does not imply that "a country's price level is pegged to tho world price level." What it states is that the prices of freely tradoehle commodities will tend to bo equalised across frontiers, allowing for transaction costs and border taxes.

If the "law of one price" bolds for tradeables, then "purcbasing power parity" in the form defined by Mr Mitchell will almost certainly not hold. The main reason is that with the prices of tradeables tending to equalise across frontiers, countries like Japan with very fast productivity growth in tradeables relative to that in non-tradeables will show rapid appreciation of the real exchange rato *vis à vis* countries like Britain, whenever overall price indices, that inclnde both tradeables and non-tradeables, are compared. It is this phenomenon that Mr Mitchell has identified in his figures on the relationship between the internal and export prices of a number of countries. Thus the "law of one price" is not merely not identical with the naivo form of "purchasing power parity" theory caricatured by Mr Mitchell, but on plausiblo assumptions contradicts it. This point has been well known in tbo literature for 20 years. Mr Mitchell is tilting at a windmill.

Mr Mitchell's attacks on the "law of one price" are irrelevant to his own main point. He appears to believe that a permanent reduction in the cost of labour relative to tho price of tradeable goods output can be achieved by a nominal depreciation of the exchange rate brought about by a policy of "cbeap money." In effect, be assumes that workers are subject to a degree of money illusion. Somo monetarisis would argue that this policy will fail because the labour market is permanently in equilibrium (whicb is the view that Mr Mitchell appears to want to attack when flailing away at the "law of one price"); other economists would emphasise the institutional factors that preclude downward flexibility in relative real labour costs. If either group were right, a devaluation would in time be eroded by wage-price inflation. Both groups argue—plausibly, I suggest—that, while movements in tho exchange rate may indeed worsen or improve the profitability of tradeahle goods production in the short to medium term, the long-run persistence of low profitahility in British tredeable goods production reflects real wage pressures. In other words, without changes in institutions and labour market incentives governments can have no more than a transitory influence on the real exchange rate through the use of monetry instruments.

In sum, Mr Mitcholl'a main (and important) point has nothing to do with tho "law of one price" or, indeed, Mr Brittan'a original article. It concerns the response of the labour market to devaluation. If he is right, successive Governments have, in their insanity, been missing an opportunity for full employment and sustained growth that required little more than faster operation of the printing press. If he is wrong, they have avolded giving the real economy a temporary boost that would ultimately have been reversed by higher inflation. Since the present debate has gone on long enough, I leave it to tho readers to decide between the two alternatives.

Martin Wolf,
1, Gough Square,
Fleet Street, EC4.

From Mr C. Smith

Sir,—Mr A. Mitchell, MP (October 4), twice uses the term "codswallop," once immediately after the statement that the increase in sterling since March is more than three times the Government's norm for pay increases.

On March 15, the Yen stood at 358.5 to the £. On October 4 the Yen stood at 347.0 to the £.

On March 15 the U.S. dollar stood at 1.51 to tho £. On October 4 the U.S. dollar stood at 1.484 to the £.

Surely the "propagandists of the Right" aren't advocating a drop in wages for organised labour?

So far as his "curse of e high exchange rate" is concerned, ten years ago the Yen stood at around 700 to the £, or is this codswallop too?

Mr Cyril Smith.
6 Stoke Close,
Seaford, E. Sussex.

Changes in building controls

From the Local Government Service Conditions Officer,
National and Local Government Officers Association

Sir,—Mira Bar-Hillel's article on building standards (September 28) could have been written as part of a promotion campaign for the National House Building Council (NHBC). It totally ignores tho role of local government building control officers in maintaining and improving building standards and suggests that the NHBC has been solely responsible for improvements in recent years.

While the NHBC has played a role in the field of quality control in house building, it has played no significant part in matters relating to building regulations. A major contribution in this field has stemmed from local government reorganisation in 1974, and in particular the increased role of local government in policing building regulations and the establishment of regular reviews of the training and qualifications of local government building control officers, to keep up with changes in the building industry, and especially new materials and technology. And yet Mira Bar-Hillel's article failed even to mention these developments, which have been all the more impressive for having gone ahead despite relentless cuts in local government spending.

The article refers to the famous speech made by Mr Michael Heseltine when he was Environment Secretary in 1979, but ignores the fact that his attack on local government's role in building control have been consistently challenged ever since then not only by Nalgo but also by many other organisations. In particular, we have challenged the Department of the Environment to substantiate its claim that there is widespread support for the radical changes proposed in the Housing and Building Control Bill, but the department has yet to do so.

We can name a long list of organisations which are critical of the new measures, including the Federation of Master Builders, the Consumer Association, and yet the department ignores their protests and continues to push its Bill through Parliament. It is not surprising that opposition stems from such a wide spectrum of interests, since if the Bill becomes law the NHBC will be converted into a law enforcement agency operating through 250 fiald inspectors working out of their front-rooms.

Nalgo is by no means alone in believing that to change to a 'privatised' certification system would mean lower building standards, the end of properly independent enforcement of building regulations, the end of democratic public accountability over building safety measures and the instruction of a highly expensive and complex system of insurance compensation for damage and injury rather than the current emphasis on prevention of health and safety hazards. All of which bodes ill for the house owners of the future.

Keith Sonnet.
1 Mabledon Place, WC1.

The things people read!

From Mrs S. Walker

Sir,—While travelling home on the underground the other night, I was asked by the gentleman sitting next to me (who was obviously American) if he could look at the headlines on my newspaper. I replied that as it was yesterday's paper I thought they would be rather out of date. He then said "Does everyone around bere read old newspapers as the girl sitting opposite has one that is so old it is discoloured?" She was reading that day's edition of the Financial Times!

Mrs Sue Walker.
58, Oliver Road,
Shenfield,
Brentwood, Essex.

Greece's economy

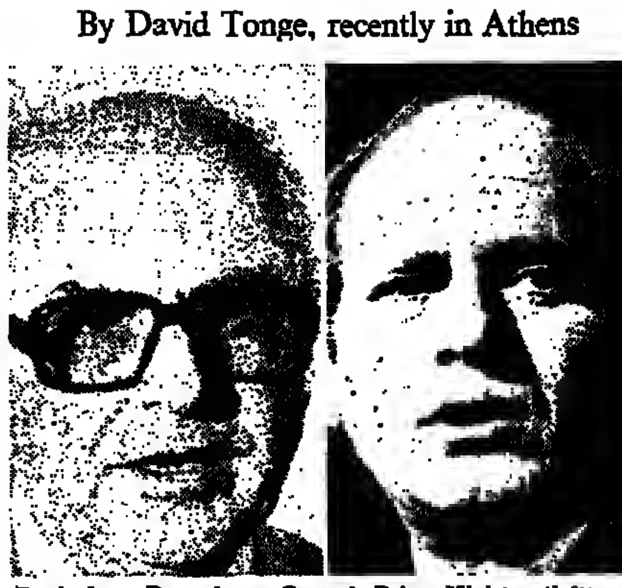
Papandreou's hard winter

By David Tonge, recently in Athens

IT IS HARD at times to reconcile the problems of the Greek economy with the prosperity so evident in tavernas, boutiques and traffic jams across the country.

Yet the statistics are cloar. The trade deficit with the EEC is rising fast. Tourism, shipping and workers' remittances—the country's traditional props—are providing less income than they were. And tho Papandreou Government is having to grapple with rising prices, increasing unemployment and an industrial sector parts of which are in serious troubla.

These are some of the reasons for the sense of a loss of direction which is widespread in Greeca today. The honeymoon with the Socialist Government which took office nearly two years ago is now well and truly over.



Dr Andreas Papandreou, Greece's Prima Minister (left) and *Mr Gerassimos Arsenis, Governor Bank of Greece, head of* his new economic team and Minister for National Economy

In the beginning, Dr Papandreou had seemed to offer Greeks the prospect of a hracing, if uncertain, future. His new ministers, though inexperienced and unpredictahla, were so obviously brighter eyed than the machine politicians they replaced who had been running Greece for most of the previous 30 years.

At homo the new Government introduced a range of social reforms. Abroad, most Greeks were pleased to see it "standing up" to the Turks and making Greece's voice heard in Nato.

Today, however, the mood is very different. Greek handling of the EEC presidency is under fire from some other members of tbe Community who say they have hed enough of lectures on issues such as missiles or the shooting down of the Korean airliner.

Inside Greece, the Government'a line on such topics has irritated many on the right and in the centre. Those on the left have been angered by Papandreon'a compromise last month on tho issue of U.S. bases. They are now to stay at least until 1990, and to add insult to injury the party banners festooning the streets in Athens have been proclaiming "Removal of the Bases—Promise Becomes Practice."

Consumer prices are still increasing at an annual rate of just under 20 per cent. The National Economy Minister Mr Gerassimos Arsenis has conceded that GNP will only grow by 0.5 per cent in 1983. Unemployment *is rising* and now affects 8-10 per cent of the urban labour force. Some of the country's largest companies have been hard hit hy the current downturn.

Most of these problems have roots stretching far into the past. Many businessmen have besitated to modernise their plants for almost a decade, ever since the demise of the colonels and the first oil shock. This lack of investment is made more serious because of the country's limited financiel sector, a small home market of a mere 9.6m, and Greece's accession to the EEC in 1981, which bas meant fresh pressures.

Greece's trade deficit doubled between 1980 and 1982. The remaining tariffs between Greece and its Community partners are to be phased out over the next three years and the crucial non-tariff penalties on imports are to go over the next five. The result is that there are increasing questions about the future for manufacturing in the EEC's south-eastern outpost.

The last two years of the old New Democracy government saw it trying to spend its way to an electoral victory. By the timo Dr Pepandreou took over in October 1981 the public sector borrowing requirement was up to an unhealthy 15.2 per cent of GNP. At the same time, partly because of the second oil shock, New Democracy had had to draw heavily on the country's reserves.

This does not sbow up in the official figures as Greece has at times followed the curious, and never previously disclosed, practice of hiding part of its gold and foreign exchango boldings.

It did so in the 1950s so as to continna to be "poor enough" to qualify for U.S. ald. It did so again in the early 1970s to qualify for certain IMF loans. At the end of 1978 these hidden reserves amounted to \$1.6bu — more than official reserves of \$1.5hn, according to bankers in Athens.

By the time Dr Papandreou look over, the hidden reserves were exhausted and official reserves stood at \$1.4bn. Today they are down to around \$0.9bn, a mere five weeks' imports, though valuing gold at market prices would more than double these figures.

This legacy of uncontrolled public finance, tumbling reserves, high inflation and a stagnant economy caused Dr Papandreou to claim he inherited a "scorcbed earth." However, rather than act accordingly—with the political benefits of being able to blame bis predecessors—be chose to keep his election promises. He raised real earnings in 1982 by around 6 per cent—and this year has had to try to claw back what be conceded. There has also been a slow attempt to curb inflation and to reduce the growth of bank loans.

The efficacy of such measures has, bowever, been undermined by other government policies. The public sector borrowing requirement has only been cut back marginally, to an expected 13 per cent this year. There heve been deleys in reforming the tax and banking systems, and in dealing with investment legislation. The drachma has been kept overvalued.

Then there have been the problems for business confidence caused by baving to deal with a Socialist government. In practice Socialism in Greece has meant an inconsistent approach to wage policy and price controls. It has also meant the much-publicised prosecution of Ms Christina Onassis on tax charges, and the effective state takeover of Heracles General Cement, Europe's largest single cement exporter, following charges of fraud and currency smuggling.

Dr Papandreou's Government has long been troubled by a split between the pragmatists and tho party faithful. Nine months after he came to power the pragmatists seemed to be winning when the economic team responsible for the initial generosity to workers was replaced by a new team led by Mr Gerassimos Arsenis, a former UNCTAD official.

By last winter a policy of gradual austerity began to be introduced—and Dr Papandreou appeared to put his weight hehind this in e recent grim speech at the Salonika international fair.

But now there has been a further shake-up. A row over how a national health system would be funded has led to the eppointment of Mr Ioannia Pottakis, a party stalwart, as Dr Papandreou's third Minister of Finance in 23 months. Thero seems to be e clear effort in hand to placato the left ahead of what could be an austere winter.

Yet, the problems should not be overstated. Foreign bankers seem prepared to confound tho sceptics who this summer have been speculating not on whether but on when Dr Papandreou would he forced to call in tho International Monetary Fund.

Years of prudent borrowing mean the cost of servicing Greece's \$8.3bn short, medium and long-term debt in 1982 amounted to a reasonable 14 *per cent of earnings from* the exports of goods and services. Its latest borrowings from the market have gone well.

"This is not Nigeria nor Brazil. Things cannot go really sour," says one U.S. banker in Athens. Another comments: "With the Third World looking so risky an EEC state like Greece takes on a new lustre."

FINANCIAL TIMES

Tuesday October 11 1983

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Asian leaders condemn Rangoon killings

By Anne Charters in Seoul and Chris Sherwell in Singapore

SOUTH-EAST Asian leaders yesterday joined in a chorus of condemnation of the Rangoon bomb blast that killed 19 top South Korean ministers and officials as immediate moves were put in train in Seoul to form a new Cabinet.

As investigators combed the remains of Rangoon Martyrs Mausoleum in search for evidence to establish who planted the bomb which struck the visiting South Koreans on Sunday, Mr San Yu, the Burmese President, condemned the "cowardly act of terrorism" for which no one has yet claimed responsibility.

The President also promised that those behind the explosion would "not go unpunished."

Dr Mahathir Mohammad, Malaysia's Prime Minister, called the bombing a "cowardly act," and Mr Bhichai Rattakul, Thailand's Deputy Prime Minister, said it was "barbaric."

Mr Richard Walker, the U.S. Ambassador to South Korea, denounced the "wanton bombing" as an "unprovoked terrorist atrocity.".

President Chun Doo Hwan returned to Seoul and immediately launched himself into a series of meeting with ministers and other top government officials to form a new cabinet to carry on the country's wide-ranging programme of economic expansion and liberalisation.

His task is daunting and crucial, with some observers already expressing fears that the economic programme might suffer a setback if the government becomes more closed and distrustful as a result of the bombing.

Even with Korea's depth of well-qualified experienced technocrats, particularly in the economic field, it will be difficult to match the experience and expertise of Mr Kim Jae-Ik, a senior secretary who counselled President Chun on economic matters since he assumed power three years ago.

Mr Kim enjoyed the trust and confidence of the President, and was recognised as able to communicate successfully government policy to foreign leaders and businessmen.

Deputy Prime Minister, Suh Suk-Joon, the other top economic policy-maker who died, brought to Korea's economic triumvirate a sound knowledge of the intricacies of the country's industrial structure, gathered while Minister of Commerce and Industry.

The remaining member of the triumvirate responsible for current economic strategy is Kang Kyong-Shik, Minister of Finance.

His name, as well as that of Dr Kim Key-Whan, head of the Government's Korean Development Institute, have been mentioned as possible candidates for ministerial positions.

Political effects in Burma, Page 3

SPD set to turn down cruise deployment

BY JAMES BUCHAN IN BONN

WEST GERMANY'S Social Democrats (SPD) are now bound to reject nuclear missile deployment in the country after a new wave of hostile local party decisions at the weekend.

Drowning cautious appeals from the party executive to delay decisions until after the round of U.S.-Soviet missile negotiations next month, the state parties in Bavaria and the Saarland on Sunday formally and unequivocally rejected Nato's planned deployments in Germany.

With eight of the 11 state parties and important district parties publicly opposed to deployment, the grassroots revolt has shattered the hopes of Herr Hans-Jochen Vogel, the leader of the opposition in parliament, that a party congress next month could avoid a complete break with alliance strategy still championed by Herr Helmut Schmidt, the former SPD Chancellor.

Members of Chancellor Helmut Kohl's coalition Government yesterday bitterly attacked the SPD, accusing it of questioning German membership of Nato and of betraying Herr Schmidt.

Nato missiles policy, which was grudgingly accepted by the SPD government at its promulgation in December 1979, threatens the deployment of up to 572 U.S. nuclear missiles only in the event of failure in the missile negotiations by the end of this year.

By delaying a party congress until after the current round of negotiations close on November 15, the SPD executive hoped to keep up at least some pressure on the great powers to reach agreement.

Three state parties will not vote on the issue before the November 18 party congress – including North Rhine-Westphalia, which will provide more than a quarter of the 400 delegates.

However, Sunday's clear rejection of deployment by the state's strongest district party – which approved the Nato strategy as recently as last year – points clearly to an overwhelming rejection at the party congress.

● Herr Hans-Dietrich Genscher, West Germany's Foreign Minister, will hold two days of talks with Mr Andrei Gromyko, his Soviet counterpart, in Vienna at the weekend. The meeting replaces their regular exchange of views at the United Nations General Assembly, which Mr Gromyko for the first time did not attend.

Herr Genscher is expected to press for last-minute concessions by Moscow at the U.S.-Soviet medium-range missile talks.

Chinese leader's U.S. visit may maintain improved relations

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration is preparing red carpet treatment this week for Wu Xueqian, the Chinese Foreign Minister, in the hope of solidifying recent improvements in its relations with Peking.

Administration officials said yesterday that Mr George Shultz, the Secretary of State, was determined that Wu should have "a good visit" in advance of President Ronald Reagan's trip to China in April and the visit of Zhao Ziyang, the Chinese premier, to Washington in January.

Washington is hoping to build on what it sees as a recent convergence of views in a wide range of political and economic areas, and not allow the principal issue dividing the two countries, Taiwan, to dominate Wu's visit.

Wu, who was due to arrive in the U.S. last night, is to stay in Washington until Thursday for talks with President Reagan, Mr Shultz, Mr Caspar Weinberger, the Defence Secretary, and other government and congressional leaders.

U.S. officials see relations with China as having improved steadily from a low point last April, when the U.S. granted asylum to a fugitive tennis star, Hu Na, to the intense anger of Peking. Since then, there has been an agreement on the disputed issue of Chinese textile exports and further U.S. moves to open up exports of American high technology to China.

A nuclear co-operation agreement, allowing U.S. sales of equipment for China's nuclear power industry, is not quite ready for signing, U.S. officials say, but two rounds of negotiations have produced "a meeting of minds". Meanwhile, Peking is assessing U.S. offers to sell defensive military equipment.

More broadly, the Administration says that there is now a convergence of views on Soviet behaviour in Afghanistan, Kampuchea and worldwide. Peking is closer to Washington's viewpoint on the objectives to be achieved in Central America, the Middle East and southern Africa, even if there are differences over methods, U.S. officials say.

Washington is not expecting Wu's visit to produce any formal communiqué, nor does it want to reopen the breakthrough communiqué of last August, in which the U.S. agreed to phase out arms supplies to Taiwan in exchange for a Chinese commitment to peaceful reunification.

The Americans, however, say that there are a number of irritants at consular level, such as problems with Chinese visas for U.S. businessmen and Pan Am flights to both Peking and Taiwan, which deserve attention. The Administration also admits that serious problems would arise if it was forced to apply countervailing duties to Chinese textile exports as a result of recent complaints by the U.S. textile industry. But the outcome is uncertain and still some way off, officials stress.

Johnson Matthey trims U.S. jewellery operations

By David Dodwell in London

JOHNSON MATTHEY, the UK precious metal refiner, banker and chemicals manufacturer, has drastically cut back its loss-making jewellery manufacturing business in the U.S. Rationalisation costs will amount to between £35m ($52.9m) and £50m.

The retrenchment has cost 300 jobs, and has resulted in manufacturing operations being drawn back into two main factories. These now employ only 500 staff.

The company refuses to reveal the extent of losses, but analysts in London yesterday suggested that they amounted to almost £10m in the 12 months to March this year. Losses, which have continued into this year, are expected to be halted after the rationalisation, the company said.

Rationalisation costs comprise three elements – revaluation of jewellery stocks, redundancy costs and a nominal sum set aside as a provision against legal actions currently in progress against the company.

Although Dr Jim Hughes, an executive director, said the greater part of the rationalisation was complete, the company is sending a main board director, Mr Joseph Stevenson, to take direct charge of U.S. operations.

Although U.S. losses have been signalled by a recent deterioration in profits performance, the London stock market was shocked by the news, chopping 20p from the company's shares, which stood at 212p at the end of trading.

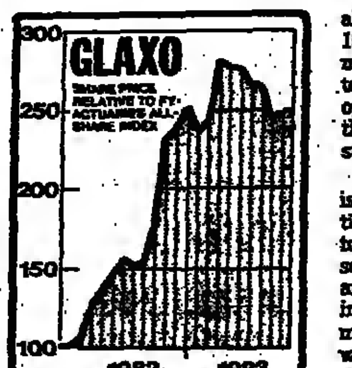
Dr Hughes conceded yesterday that with the value of hindsight the company's entry into manufacturing in the U.S. was badly timed. He also said that a policy of offering retailers a "sale or return" deal had backfired badly.

Jewellery sales in the U.S. had been buoyant during 1981, Dr Hughes said. This had encouraged Johnson Matthey to invest heavily in new manufacturing capacity. But as recession bit into the sales economy during 1982, sales were severely effected.

THE LEX COLUMN

Mission impossible for Glaxo

Having accustomed itself over recent months to miniscule changes in the producer price indices, the gilt-edged market received quite a jolt when the September figures were announced yesterday. A 1.4 per cent increase in input prices is not the sort of number with which to vanquish inflation. Putting the unusually high rise in food prices to one side, however, the trend of both indices still looks encouraging after making allowances for revisions to figures from earlier months.



Glaxo

For several months now, Glaxo shares have been looking a little short of breath, exposed to the rarefied atmosphere in which pharmaceutical growth stocks are expected to live, with a prospective multiple well into the twenties.

At such altitudes any whisper of bad news is liable to knock 5 or 6 per cent off the price, as happened yesterday when Glaxo's pre-tax profits of £192.4m for the year to July sinned by falling short of the market's roster calculations. Growth for the year was down to 44 per cent.

As that performance implies, Glaxo has not really put a foot wrong. The launch of its anti-ulcerant drug Zantac has been going as well as anyone could reasonably have hoped. Sales in the last year same close to £100m and the contribution to profits was perhaps as much as £25m. Promotion of Zantac in the U.S. since the beginning of the current year must be costing heavily, but the market share statistics are astonishing. New prescriptions are running at more than a fifth of the U.S. market and total share is already 14 per cent.

The schedule of new drug launches is sufficiently congested over the next couple of years to ensure – as Glaxo puts its tranquilliser Trandate into the U.S. and launches Zantac in France – that the momentum does not run down too noticeably. Moreover, Glaxo has succeeded in making higher profits in Japan, where margins on antibiotics have recently been slashed; concentration on injectable hospital drugs here seems to be paying sustained dividends.

If there is a worry over yesterday's figures, it is directed at the degree of Glaxo's dependence on the progress of Zantac. Lopping off the £17m contribution of currency to the £80m rise in profits in 1982-83, and disregarding the impact of Zantac, the underlying growth from the rest of Glaxo's drug portfolio was only about 11 per cent. Well ahead of inflation as it is, this is not the sort of expansion which supports star ratings such as Glaxo has developed in the last two years.

Worries along these lines may be somewhat contrived. Yet the fact remains that the shares have tended in the last two or three months to resist good news – such as rocketing market share figures from Zantac in the U.S. There are – after all – a lot of profits waiting to be cashed.

Johnson Matthey

Johnson Matthey has added its name to the long list of British companies which have come a cropper in North America. Three years ago, the group was hailing its expansion in the U.S. jewellery market as an important strategic thrust which would provide an outlet for its own fabricated metal and boost the return from its mechanical production division. Now, after investing slightly over £10m in the idea, it has been forced to make a provision of £35m to £50m to cover stock write-downs, rationalisation costs and contingent liabilities on litigation.

The venture has given Matthey nothing but headaches. Almost immediately, it found itself at the wrong end of the market – in cheap costume jewellery – offering sale or return terms to its customers at a time when demand was collapsing. The resulting losses were high enough almost to eliminate North American profits in the year to March, while the doubling of group general stocks to £116m in the last accounts gave a fair indication of the scale of the inventory problem.

The U.S. worries have been casting a shadow over the share price all year. Down 30 per cent from its 1983 peak before the announcement, it promptly fell another 20p to 212p. Yet, rather than using this opportunity to wipe the slate clean the group has adopted a position of studied vagueness.

The range of possible provisions is extremely wide and no information about historic losses or inventory levels has been supplied. Johnson Matthey has also managed to argue, on the one hand, that it is not intending to withdraw from the market and, on the other, that it is withdrawing sufficiently to justify parking all the losses below the line. No matter how Arthur Young presents the numbers, however, it is a safe bet that Johnson Matthey will be paying this year's dividend from reserves.

Britannia

It had to happen. Britannia Arrow, the market's favourite takeover candidate, has turned the tables on its expectant shareholders by announcing a one-for-four rights issue to raise £22m. In the circumstances, yesterday's 10p fall in the share price to 83p looks quite modest.

The issue can best be seen as funding a series of recent acquisitions which have broadened Britannia's operations from its unit trust base. The company now has a UK life assurance arm and a U.S. involvement which expose it to both retail and wholesale financial markets on each side of the Atlantic. At the same time, it has tidied up its investment portfolio and disposed of its publishing interests. The proceeds from the rights will eliminate £20m of net debt, with the aim of giving the company flexibility in responding to developments in the financial services arena. It is difficult to quarrel with this justification, although whether Britannia will prove either big enough or diversified enough to compete effectively remains an open question.

The company's recent profits growth has leaned heavily on a once-off increase in annual unit trust commission rates, while its area of expertise is confined to fund management. It has paid a high price for some of its diversifications. So, cash positive or not, it would probably emerge as one of the stocks most highly geared to a bear market on either or both sides of the Atlantic.

Profit fear for Texas bank group

By William Hall in New York

FIRST CITY Bancorporation of Texas, the fourth biggest Texas banking group, has more than doubled its provision for loan losses to $61m in its third quarter and expects to report a drop in earnings of about 85 per cent to $5m.

It is the latest in a series of Texas banks to report sharp downturns in profitability and underlines the growing problems several major U.S. lenders are facing through their exposure to the depressed U.S. oil services industry.

The Houston-based banking group blamed the "extraordinary increase" in loan loss provisions on the "extended depressed condition of the energy industry."

The increase in the provision brings the allowance for loan losses at the end of September to $150m, which is in excess of 1.5 per cent of loans outstanding.

The news of First City Bancorp's sharp increase in loan loss provisions follows the surprise announcement that InterFirst, the biggest Texas banking group, had made a net operating loss of $194m in its third quarter – believed to be the biggest quarterly loss in U.S. banking history.

Texas bank shares fell sharply yesterday as the stock market revised its opinion of what had been one of the fastest-growing sectors of the banking industry.

Problems in the Texas energy markets are also hitting some of the smaller banks in the state.

UK Tory leaders back Parkinson

BY PETER RIDDELL, POLITICAL EDITOR, IN BLACKPOOL

THE UK Conservative Party leadership was last night rallying around in public support of Mr Cecil Parkinson, the Trade and Industry Secretary, on the eve of today's opening of the party's annual conference in Blackpool.

Mrs Margaret Thatcher, the Prime Minister, and Mr John Selwyn Gummer, the new party chairman, appeared to have decided at their meeting on Sunday that a concerted attempt should be made to dampen speculation about Mr Parkinson's future which, they feel, would otherwise dominate the conference and damage the party.

Mr Parkinson's future has come under question following his statement last week that his former secretary was expecting his child and that he had made and withdrawn an offer to marry her. The Minister is married and has a family.

Mr Gummer, who has previously been reticent about the subject, said at a press conference last night that he believed that Mr Parkinson would continue in his present job. He added that a Downing Street statement on Sunday made it "wholly clear and unambiguous" that there was no question of any resignation. He supported this utterly and said it was a private matter. Mr Gummer refused to give any more personal pledges despite repeated questioning.

Senior party officials point out that Mrs Thatcher knew the full facts about Mr Parkinson when he was appointed to his present post and she feels personally committed to him. Moreover, they believe that the party should come together during the conference and that Mr Parkinson should not be forced out by what they see as media pressure. They argue that whether he remains in office in the long term is up to his judgment of the personal pressures.

Nevertheless party opinion is clearly divided on the issue and senior Conservative MPs arriving in Blackpool concede that the matter will not go away, as there is likely to be publicity when the baby is born in January.

Tory loyalists seek reassurance, Page 8; Editorial comment, Page 18

MAN cuts a further 1,700 jobs

By John Davies in Frankfurt

MAN, the West German commercial vehicle and mechanical engineering group, is to shed 1,700 jobs as part of a rationalisation of its vehicle production.

It is also considering cutting capacity at its diesel motor plant, with the possible loss of more jobs.

MAN (Maschinenfabrik Augsburg-Nürnberg) is largely owned by the GHH heavy engineering concern. It employed a total of 50,000 workers in all its manufacturing activities at June 30.

The MAN group made a DM 300m ($117m) loss in the financial year to the end of June, with vehicles contributing more than proportionately to the setback.

The group's vehicle workforce has already fallen about 16 per cent since late 1981. The further cut of nearly 10 per cent will reduce the number of employees in this division to about 16,000 by the middle of next year.

MAN has been adjusting its vehicle production to a much lower level of demand, after a drastic fall in export sales. As part of its rationalisation measures, assembly of heavy trucks will be concentrated more in Munich. The Salzgitter factory will assemble buses, medium-weight trucks and MAN-Volkswagen joint venture commercial vehicles.

In its diesel motor plant at Augsburg, MAN has already been operating short-time working. But it now says it must consider cutting capacity

Britain stands firm on EEC demands

Continued from Page 1

demned the U.S. for lobbying against Commission proposals to curb imports of cereal substitutes from the U.S. and to impose a tax on oils and fats.

Several ministers defended the Administration's right to discuss its objections with individual EEC governments rather than just with the EEC, as M Cheysson argued.

Fresh doubts in the Commission about whether there is enough money left in the EEC's 1983 budget to finance all Common Agricultural Policy (CAP) payments surfaced last night when it was learned that the Commission had blocked the payment to member states of 400m European currency units ($349m).

These are advance payments earmarked for a number of sectors but with the largest amount due to go to sheep meat producers.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	73	Dubrovnik	S	24	75	Malaga	S	25	77	Salzburg	S	18	64
Algarve	S	25	77	Faro	S	24	75	Malta	—	—	—	Seoul	S	23	73
Algiers	S	27	81	Florence	S	25	77	Manila	C	33	91	Singapore	S	33	91
Amsterdam	R	14	57	Frankfurt	R	15	59	Miami	F	22	72	Stockholm	C	9	48
Athens	F	25	77	Funchal	S	24	75	Milan	F	21	70	Strasbourg	S	17	63
Bahrain	S	35	95	Geneva	S	18	64	Moscow	S	8	46	Sydney	R	22	72
Bangkok	C	29	84	Gibraltar	S	24	75	Munich	S	16	61	Taipei	S	28	82
Barcelona	S	25	77	Guernsey	C	13	55	Nairobi	F	25	77	Tangier	S	26	79
Beirut	R	15	59	Helsinki	C	8	46	Naples	S	23	73	Tehran	—	—	—
Belgrade	S	16	61	H. Kong	S	29	84	New Delhi	C	34	93	Tel Aviv	S	29	84
Berlin	R	12	54	Innsbruck	S	18	64	New York	C	12	54	Tenerife	C	27	81
Biarritz	S	20	68	Inverness	F	15	59	Nice	C	22	72	Tokyo	C	25	77
Blackpool	F	13	55	Istanbul	S	14	57	Oporto	F	19	66	Toronto	C	3	37
Bordeaux	F	21	70	Jersey	C	13	55	Oslo	S	6	43	Tunis	S	28	82
Brussels	C	14	57	Jo'burg	S	19	66	Paris	C	15	59	Valencia	S	28	82
Budapest	C	14	57	Las Palmas	—	—	—	Prague	C	14	57	Venice	C	22	72
B. Aires	S	22	72	Lima	F	20	68	Reykjavik	D	5	41	Vienna	C	11	52
Cairo	S	32	90	Lisbon	F	23	73	Rio de J'o	S	39	57	Warsaw	F	11	52
Cape Town	S	20	68	Locarno	S	20	68	Rome	F	23	72	Zurich	S	17	63
Caracas	C	28	82	London	F	12	54								
Casablanca	S	24	75	Los Angeles	S	17	63								
Copenhagen	S	12	54	Luxembourg	C	11	52								
Corfu	S	24	75	Madrid	S	25	77								
Dublin	F	12	54	Majorca	—	—	—								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Shamir pledges urgent action over crisis

Continued from Page 1

This would either be denominated in dollars or protected against shekel inflation and the guaranteed share would also bear interest at a fixed rate. But this guarantee would apply only to those bank shares held for a fixed period – probably five years after the start of the guarantee scheme.

The determining date for the bottom price was one of the most contentious issues under discussion. The Treasury, which believes the shares are overvalued, rejected the banks' demand that the value date be last Thursday, when trading was suspended. Instead, Government officials proposed setting the bottom price at the value of the shares in April.

There was also prolonged discussion over the possibility of providing more protection for private individuals who hold small portfolios of bank shares. The aim is to avoid substantial losses for small investors who have been encouraged over the years by the bank and the Government to regard bank shares as a solid and safe investment.

Presenting his Cabinet to the Knesset for approval, Mr Shamir said the Government would deal immediately with the crisis. He promised budget cuts, reduced subsidies on basic commodities, a slowdown of the rise in standards of living, incentives to production and exports, and a realistic exchange rate for the shekel.

But Mr Shimon Peres, leader of the opposition Labour Party, strongly criticised Mr Shamir for presenting the Knesset with a Cabinet which included the same ministers who were responsible for what he described as "bankrupt policies."

Mr Shamir said his Government would pursue the goals set two years ago by Mr Menahem Begin's coalition. The new Prime Minister said that Jewish settlements in the occupied Arab territories would continue. "This holy work must not stop", he said. "It is the very heart of our existence."

Poland set for $1bn trade surplus

Continued from Page 1

and service payment surplus and the raising of around $800m in new loans. Hard currency imports, however, are flagging, as fresh loans fail to transpire and export earnings are directed to debt servicing.

The trade surplus this year could therefore reach $1.2bn and, taken with a service payment surplus of some $350m, the current account payments balance could be some $300m in deficit. This compares with a $2bn current accounts deficit in 1981 and a $1.1bn deficit last year.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday October 11 1983

Norwegian ITT unit in record share placing

BY FAY GJESTER IN OSLO

STANDARD Telefon og Kabelfabrik (STK), the Norwegian subsidiary of ITT, the U.S. group, will this month put Norway's booming stock market to the test with a share offer worth NKr 310m ($42.6m) – the largest single deal that this relatively small market has ever had to cope with.

The company, which makes cables, electronic and telecommunications equipment, will be inviting private investors to take up one fifth of the 75 per cent stake in STK presently held by ITT. Some 1.68m ordinary shares, with a par value of NKr 10, will be on sale on October 14-20 – most of them priced at NKr 185 per share.

A quota of 50,000 shares is being reserved for STK employees, who will be able to buy them at a 15 per cent discount

The sale is being arranged by Christiania Bank, one of Norway's big three commercial banks, and Fondsfinans, a broker. These two are also leading the group that is underwriting the offer. Most of the shares are expected to be taken up by Norwegian buyers, but if local demand proves inadequate some may be offered on the UK market.

Listing of the shares on the Oslo stock exchange is expected to follow on November 2. STK has not previously been quoted because of its capital structure. The 25 per cent of its capital already in Norwegian hands is held, in the form of 11 per cent preference shares, by two Norwegian banks (Bergen Bank and Christiania) and the Storebrand-Norden insurance group. This holding will not be affected by the forthcoming offer.

The decision to reduce ITT's stake in STK was announced by the two companies last May. It was understood to have been influenced by STK management, which was keen to "Norwegianise" the company for political reasons.

STK, which employs 3,400, expects to make a net profit of NKr 167m this year on turnover of NKr 2bn, compared with NKr 163m on sales of NKr 1.68bn in 1982. Mr Fredrik Thoresen, managing director, said at the weekend that the company expected to increase its dividend this year.

STK now looks virtually certain to win a $100m contract for digital telephone exchanges from Norway's telecommunications authority. Both the authority and the Government have recommended STK's bid.

Gulf dives to $212m deficit for year

By Terry Dodsworth in New York

GULF AND WESTERN, the New York-based conglomerate, ran up losses of $401m in the final quarter of its year to July following a $472.4m write-off resulting from a sweeping divestment programme. Losses for the year amounted to $212m on sales of $3.99bn.

The company announced the divestments in the summer as part of a wide-ranging reorganisation that will largely take it out of natural resources and building products. It is now regrouping into three main consumer-oriented operating divisions, centred on entertainment and communications, financial services, and consumer and industrial products. Around 20 per cent of the company's sales and assets, which range from Paramount Pictures and the Madison Square Gardens stadium, to automotive parts manufacturing and the First Capital Finance and Leasing Company, have been shed in the restructuring.

Gulf said yesterday that its first quarter profits from the continuing operations amounted to $66.2m against $42.1m a year ago, while in the full year these operations contributed $260m, or $3.38 a share, compared with $165m or $2.12 in 1982.

The latest annual profits before tax also include $247.9m of income other than from ongoing activities, of which $175.5m came from the sale of investments and securities. This compared with $103.6m from these sources in the previous year.

An additional boost was provided by lower financial charges due partly to a drop in interest rates. Gulf has been paying off debt through cash raised from its divestments, particularly the liquidation of some of its investment portfolio earlier last year, and has reduced borrowings to 40 per cent of total capital against 50 per cent a year ago.

FALTERING DAON DEVELOPMENT IS BEING OFFERED A NEW FUTURE

First step in a long haul back

BY NICHOLAS HIRST IN TORONTO

British and European investors are involved in a plan to breathe new life into a Canadian property group, Daon Development. They have agreed to inject C$180m into the group, restructured under a plan devised by a British chartered accountant, Mr Edward Leighton.

A LITTLE known British property developer is the key figure behind the plan to inject C$160m ($131m) of new capital into Daon Development, the Vancouver property group on the brink of collapse.

Last November, four months after Daon was forced to ask its banks for a restructuring of its C$1.9bn of debt, Mr Edward Leighton, a reticent 39-year-old chartered accountant and his long-standing stockbrokers, Laurie Milbank, approached the tottering company with a scheme for a rights issue and share placement outside Canada.

The rights issue is dependent on a restructuring of Daon's debt. Creditors' meeting are due to begin in Vancouver today. If all goes well, Mr Leighton stands to be a major shareholder in what could be a revitalised company. Mr Leighton's gamble is that nothing prevents the rights going ahead. He is putting up the fees related to the issue – as yet an undisclosed sum – and in return gets 3.75m new shares in Daon and a seat on the board.

"There is a risk reward element in the number of shares I get", said Mr Leighton.

The risks could be substantial. Independently wealthy, Mr Leighton is nevertheless, as he put it: "Not in the Paul Getty class or anywhere near."

He has built up a property business in industrial premises and warehouses in south-east England, keeps an office in Upper Berkeley Street in London's Mayfair and acted as an underwriter in two rescues of real estate investment trusts quoted on the New York Stock Exchange that gave him a taste for a deal like Daon, his first big rescue as the principal actor.

His big success has been in establishing that a sufficient number of British and European investors would be prepared to underwrite an 80m share issue at about C$2 a share or take part in the proposed placing. It is expected that 30 per cent of the offered shares will go in a direct placing.

It may still all fall through. Until Kleinwort Benson, the London accepting house and lead manager, certifies that all underwriting has taken place there can be no certainty that the money will be there. Leighton is confident the deal will be completed: "Otherwise I wouldn't be spending a large amount of money", he said. But as he added: "At this stage there can be no guarantees."

The debt restructuring involved the payment of interest in new shares instead of cash for a three-year period and giving debenture holders the option to convert into new shares. With full conversion there could be 87m shares on issue, but depending on how many shareholders decide to take up their rights, British and other non-Canadian institutions could end up with almost as many.

"The best part of the deal is that the creditors put the most into the company" said Mr David Nabarro, a partner in Laurie Milbank.

In fact, the creditors have little choice. The information circular sent out announcing the restructuring and proposed rights issue makes it clear that unless the reorganisation of the debt is approved nobody except project lenders secured directly on Daon's properties and its other bankers would get any of their money back.

Mr Leighton and his potential investors see the possibilty of buying into a company on the cheap, which after the restructuring, should be sound.

Analysts estimate that on British accounting principles, given no conversion by debenture holders, assets should be around C$4 a share at the rights issue, twice what the new investors will be injecting.

The company also believes it is getting a good deal. "The refinancing is a plan for survival – prosperity comes with the rights issue," said Mr William Levine, Daon's financial officer.

But the potential investors have to take a lot on face value. Even after the restructuring Daon will remain a highly geared company. A pro-forma balance sheet shows debt at C$1.7bn backed up by equity of only C$73.1m.

The restructuring however, not only ends most cash interest payments for three years, it also makes project debt equal to about C$1.4bn effectively non-recourse. That means the project lenders will not be able to apply to the company as a whole if their loans become uncovered by their security. At the end of the three year restructuring period, deficiencies will be settled by a limited issue of new shares.

What the rights issue does is to allow the Daon management to be more than a caretaker of the creditors' assets. After the restructuring, the company will still be subject to restricted debt cover on every move it makes. With the rights money, the convenants will be lifted and Daon will be able to trade normally.

After repaying some money to the banks on the rights, Daon would end up with a net C$130m. "It makes us a sound company and allows us to take advantage of what we have," said Mr Levine.

Daon retains prime income properties including buildings in San Francisco, Philadelphia, Washington DC and Vancouver and a successful shopping centre in Edmonton. But it also retains the large land banks in California and Alberta, which, as interest rates have soared and land values fallen, have become partly responsible for its problems.

The property appraisers in the information circular say in a bleak comment: "No known buyers exist for the purchase of the large land banks." For prosperity the hope has to be that the land, particularly in California, can slowly be developed and sold off.

But first, the company and Mr Leighton's investors have to get through the creditors' meetings this week. Analysts say creditors have no choice but to agree to the restructuring scheme. As Mr Ira Gluskin, property analyst with Toronto stockbrokers, Brown Baldwin & Nisker said: "Something can always go wrong. The market has yet to be convinced that the restructuring and the proposed rights will work the wonders Leighton and company believe it will." The documents came out on September 21, and the present shares closed at C$1.63 on Friday, a far cry either from the rights price or the supposed asset value.

Before non-Canadian institutions can invest in Daon, Mr Leighton's scheme will need approval from the Canadian Federal Foreign Investment Review Agency. There is not expected to be any problem, but it is yet another hurdle to overcome.

Mr Levine believes the reason British investors are coming to Daon's rescue rather than Canadian institutions is because investors in Britain and Europe are more accustomed to investing in property.

"British institutions invest between 20 and 25 per cent of their funds in real estate, whereas in North America it is 3 to 4 per cent. The Europeans are in for the long run and are not so concerned about the ups and downs of the business cycle," he said.

There is little doubt that an investment in Daon is an investment for the long haul.

Alfa calls for 25% lay-offs

By James Buxton in Rome

ALFA ROMEO, Italy's second largest car maker, has told the unions that it wants to lay off almost a quarter of the workforce next year, many permanently.

The company is faced with both a drop in car sales and the consequences of increased automation, introduced as the company has started production of two new cars, the Alfa 33 and the Datsun Cherry Europe, which is produced in collaboration with Datsun. Sales in the first eight months of this year fell 7 per cent, mainly due to the weakness of the Italian car market.

The unions have been told that the company wants to cut its effective workforce next year by 7,300 from the present 31,900. Of these some 3,500 would be put on state-subsidised lay-off for the whole of next year, to be re-hired in 1985, and a further 3,800 laid off next year with no possibility of being taken on again.

Some 6,000 of the workers involved are at the company's plant at Arese, near Milan, with the remainder at Pomigliano d'Arco, near Naples. The Arese plant will also bear a heavier burden of those to be laid off permanently.

Formal discussions with the unions have not yet begun but the first reaction of the metalworkers union was one of alarm

Perstorp earnings more than doubled

BY KEVIN DONE IN STOCKHOLM

PERSTORP, the Swedish chemicals group, boosted its profits to a record level in the 12 months to the end of August, more than doubling pre-tax earnings before allocations to SKr 248m ($32m) compared with SKr 113m a year earlier.

Group sales rose by 30.5 per cent to SKr 2.6bn against SKr 2bn in 1981-82 and the directors are planing to raise the dividend by 22 per cent to SKr 3 from SKr 2.46.

Perstorp has raised SKr 205m during the past year through two share issues, one of them to UK and U.S. institutional investors. The group's profitability is at its highest level for 10 years, and the market price of its non-restricted shares has risen by 346 per cent over the last year, outstripping the general surge in Swedish share prices.

Mr Karl-Erik Sahlberg, chief executive, said the improvement in earnings was attributable chiefly to a sharp rise in the profitability of the components and consumer divisions.

The chemicals divisions, producing chiefly formaldehyde polyalcobols and plastic moulding compounds, continued to perform strongly, and Perstorp's Brazilian operations "fared remarkably well in the economic situation that prevails," he added.

Earnings were also helped by the devaluation a year ago of the Swedish krona and by the strength of the U.S. dollar, although rising raw material prices and other cost increases were gradually reducing this benefit.

Sales of the chemicals division rose to SKr 1.3bn in 1982-83 from SKr 968m in the previous year, while the components division raised its turnover to SKr 709m from SKr 608m.

The profitability of the plastic, laminates and components operations has been helped by a far-reaching restructuring programme

Perstorp is moving into the pharmaceutical sector – as part of a general drive into higher technology products – through increasing investments in carbohydrate chemistry, and has signed a marketing agreement with Marion Laboratories of the U.S. for the sale in America of its first product in this field, Iodosorb, an agent for the treatment of ulcerous sores.

Pitney Bowes quits word processing

By Terry Byland in New York

PITNEY BOWES, world leader in the manufacture of postage meters and related mailing equipment, is dropping out of the word processing business which it entered three years ago as part of its plan to expand out of its core operating areas.

Earnings for this year's third quarter will be reduced by $22.5m or 57 cents a share by closure provisions for the word processing operations, which centre around a manufacturing plant at Mount View, California.

Pitney Bowes stressed that third quarter earnings will remain "positive" despite the provisions. In the third quarter of fiscal 1982, the group earned $15.6m or 41 cents a share. Earnings of $83.1m or $2.16 a share for full fiscal 1982 included a loss of $10.6m on word processing.

The Stamford-based group moved into word processing in 1980, when it acquired Artec International which was integrated with Pitney's dictaphone subsidiary. The company said yesterday that it believed its word processing equipment would be unable to achieve a major position in a market turning increasingly towards the integration of word and data processing systems.

Campsa state buy-out accepted by majority

BY DAVID WHITE IN MADRID

MOST OF the private shareholders in Campsa, the company which runs Spain's oil distribution monopoly, have accepted the terms offered for their stock after the first month of the bid launched by the state-run Instituto, Nacional de Hidrocarburos (INH) holding company.

With a further four weeks to go, the Institute is now assured of virtually complete control. The move is the first stage in a Government plan to strengthen the domestic oil industry in readiness for its exposure to competition from multinationals when Spain joins the EEC.

About two thirds of the 47 per cent private shareholding has been sold so far at the higher than expected offered price of Pta 1,250 for each Pta 500 nominal share. The Institute already held the controlling stake.

The operation, which will cost the Institute around Pta 11bn ($72m), is to be followed by the hiving-off of shareholdings to Spanish refiners.

Wartsila in U.S. expansion

By Lance Keyworth in Helsinki

WARTSILA, the Finnish private sector shipbuilding and engineering group, has bought Appleton Machine Company (Amco), of Wisconsin, U.S. for an undisclosed sum.

Amco's present annual turnover is about $20m. The acquisition will strengthen Wartsila's position in the field of paper machine rebuilding. Amco manufactures supercalendars, winders and fibre rolls.

Amco will continue to operate as an independent company within Wartsila's engineering division. Wartsila is a member of the TVW group, formed together with Tampella and Valmet, one of the world's leading suppliers of machinery for the forest products industry. Wartsila's contribution to the TVW group is the paper industry finishing machinery that is made by Amco. The TVW group operates in the U.S. from an Atlanta base.

Swedish builder advances

BY OUR STOCKHOLM CORRESPONDENT

ABV, Sweden's second largest construction company, improved its earnings before extraordinary items and tax by 12 per cent to SKr 86m ($11m).

Of the total, SKr 56m was earned in contracting operations, while SKr 21m was generated in property management and SKr 9m in financial revenue.

Total sales were up 12 per cent to SKr 4.9bn, of which 30 per cent is attributed to foreign operations. Most units reported better results. Both LB-Hus, a prefabricated building maker in Sweden, and Ray Wilson and Company, a Los Angeles construction subsidiary, reported positive results after losses in 1982.

New orders of SKr 5bn were received, bringing the order book at the end of August to SKr 5.4bn.

FRENCH TELECOMMUNICATIONS GROUP TO WIDEN EUROPEAN BASE

Jeumont-Schneider seeks new markets

BY DAVID MARSH IN PARIS

JEUMONT-SCHNEIDER, the specialised French engineering and electronics concern which is part of the private sector Empain-Schneider group, is aiming to expand its international presence in the sophisticated telecommunications sector, and is actively seeking partners in the UK and West Germany.

The company is France's leading manufacturer in the fast-growing private telephone exchange (PABX) market.

It has already taken a stake in a Californian company, Microfive, to branch out into selling electronic office systems in the U.S., and also has a link-up in PABXs with the Italian company Telettra.

But Jeumont-Schneider is also looking nervously over its shoulder at the just-announced telecommunications link-up between France's two giant public sector electronics companies, Compagnie Générale d'Electricité and Thomson. This alliance could eventually pose a serious challenge to Jeumont-Schneider's current PABX dominance in France.

Jeumont-Schneider's overall activities are centred on energy, transport and electronics. They are typical of the high-technology areas on which the Empain group is trying to focus following the recent agreement under which Creusot-Loire, the group's main subsidiary, is selling important parts of its loss-making steel operations.

In contrast with Creusot-Loire, Jeumont-Schneider is in the black. Last year it made a net profit of FFr 87m ($11.1m) on sales of FFr 5.2bn, with electronics and communications accounting for about one quarter of its business.

The company says it has about 37 per cent of the French market for PABXs, out of the total annual number of lines installed of between 500,000 and 600,000. CIT-Alcatel of the CGE group has about 30 per cent, Thomson 18 per cent and CGCT, the former French ITT subsidiary which has been seeking co-operation agreements with Thomson, about 6 per cent.

Jeumont-Schneider has built up its presence from zero after entering the PABX sector with its digital equipment only eight years ago. M Jacques Darmon, marketing director of the telecommunications division, said the company could build up its market share to above 42 per cent by next year, due in part to the introduction of new products.

He said it was necessary for Jeumont-Schneider to reach this level as soon as possible.

The company exports around 27 per cent of its PABX output, which totals around 330,000 lines a year, and aims to expand the export share to 50 per cent by 1987. At its modern assembly plant near Fontainebleau, south of Paris, the PABX division has recently taken on more workers and has a six to seven month order backlog.

Export customers – in 30 countries – include many traditional French clients in French-speaking Africa as well as South Africa, Latin America and the Middle East.

Outside analysts agree that the French PABX market – where prices per line installed are nearly two to three times lower than in the U.S. or the UK – is particularly competitive. M Darmon estimated that some of Jeumont-Schneider's rivals – particularly Thomson – were losing between 5 and 10 per cent of their turnover in the PABX sector, whereas his company still had a profit margin of "a few per cent".

Underlining the competitive pressures, Siemens of West Germany, which had made sporadic efforts to enter the French PABX sector, has now given up trying to find a toe-hold.

INTL. COMPANIES & FINANCE

Winding-up petitions filed against Carrian Holdings

BY ROBERT COTTRELL IN HONG KONG

WINDING-UP petitions were filed yesterday against Carrian Holdings, the privately-held parent of the crashed Hong Kong property group Carrian. The two banks filing the petitions were Bumiputra Malaysia Finance, the Hong Kong arm of Bank Bumiputra Malaysia and Inter-Alpha Asia, a consortium bank with six European shareholders including Britain's Williams and Glyn's.

At a preliminary court hearing of BMF's petition, three partners of the accountancy firm Touche, Ross, were appointed provisional liquidators. Inter-Alpha, which had not yesterday asked the court to appoint a provisional liquidator in respect of its own petition, said the choice of Touche, Ross was an acceptable one.

The petitions continue a series of legal steps towards liquidation of the Carrian group, whose total debts—including those of companies associated privately with Mr George Tan, its chairman—are estimated to exceed HK$10bn (U.S.$1.16bn).

On Saturday, Bankers Trust secured the appointment of a provisional liquidator to Carrian Investments, the group's main quoted company. On Friday, the Hong Kong authorities petitioned for the winding up of China Underwriters Life and General Insurance, a subsidiary of Carrian Investments, for which Hong Kong's official receiver was designated provisional liquidator.

Carrian Holdings financial adviser, the merchant bank Wardley, resigned from this job on Saturday, as did Carrian Investment's adviser, Hambro Pacific.

The petition against China Underwriters will be heard in Hong Kong's High Court on November 4 and those against Carrian Investments and Carrian Holdings on November 7. Those hearings will decide whether the companies should finally be wound-up.

It is thought that BMF's petition may specify a debt of U.S.$35m thought to be owed it by Carrian Holdings. At a bail hearing last week for Mr George Tan, the Crown Prosecutor said companies in the Carrian group and associated with Mr Tan owed Bank Bumiputra sums far in excess of that figure. Bank Bumiputra's total Carrian-related debt may top U.S.$500m.

Inter-Alpha's exposure to Carrian Holdings is thought to be small, with a sum of approximately HK$20m specified.

Mr Tan, who has spent the last seven days in detention, was released yesterday on bail believed to be of HK$51m—one of the highest figures lawyers here can remember being set by any court. Mr Tan and fellow Carrian director Mr Bentley Ho face charges under Hong Kong's theft ordinance.

President of Choheung Bank resigns

SEOUL — Mr Lee Hun-Seung, the president of Choheung Bank, one of South Korea's leading commercial banks, has resigned—saying that he felt responsible for failing to prevent a multi-million dollar loan scandal uncovered last month.

The board of directors of Choheung Bank has accepted the resignation of Mr Lee and a new president is expected to be elected by shareholders within the next two months.

Government prosecutors said over the weekend that another Choheung official had been arrested and charged with breach of trust, bringing to 27 the number accused in the case.

The total includes 17 Choheung officials, who are alleged to have conspired to issue illegally more than $200m of bank-guaranteed promissory notes to two companies between February, 1980, and last month. Mr Lee was not among those charged.
Reuter.

Debt agreement for Trafalgar Housing

HONG KONG — Trafalgar Housing, the ailing Hong Kong property developer has signed an agreement with its creditor banks for a moratorium on interest and principal payments on debts until August 31, 1984.

Trafalgar announced a net attributable loss of HK$645.86m (U.S.$77m) for the year ended March 31, compared with a HK$173.10m profit in 1982-83.

The company also requested a one-day suspension in trading of its ordinary and preference shares on the Hong Kong stock exchanges.

Traflagar's creditors have included in the moratorium agreement provisions for the company to commence marketing residential units in its Taipa City development project in Macao by an agreed date.

● HOPEWELL HOLDINGS, another Hong Kong property group, suffered a fall in consolidated net profit, including extraordinary items, from HK$172.4m to HK$100.7m (US$12m) in year ended June 30. There were extraordinary profits of HK$65.5m in the year.
Reuter

Loss-cutting surgery at Metal Box India

BY P. C. MAHANTI IN CALCUTTA

METAL BOX INDIA, the 37 per cent owned Indian offshoot of Metal Box of the UK and a manufacturer of quality metal containers and other packaging materials, has been forced to apply drastic surgery to its operations in order to shore up its position.

It has sold off its newly set-up ball-bearing unit to the Tata group and has decided to close its plastic and paper packaging divisions. The ball-bearing unit was sold for Rs 100m (U.S.$9.8m) — although total investment in the plant at Kharagpur was Rs 250m when it was opened six years ago.

Poor local infrastructure, in what was planned as a new industrial development area, obliged the company to spend heavily on providing housing and other facilities for its workforce. Labour problems and the flood of imports also affected the unit, which was set up with technical collaboration from the French company, SNR.

As a result of all these factors the plant ran up increasing losses and capacity utilisation remained low. The losses have led to the failure of the company's grand diversification scheme. At the end of its last working year, to September 1982, the unit was responsible for Rs 70m of losses.

This deficit pushed the whole group into the red with the parent, Metal Box India, recording a loss of Rs 25m. Final results for the year just ending are expected to see an even larger group loss and lead to even more drastic pruning of its unprofitable activities.

Tata, whose purchase of the ball bearing unit will provide welcome funds to Metal Box India, has said that it will invest some Rs 50m in the Kharagpur plant aiming to raise its production capacity to 4.5m units.

The closure of Metal Box India's paper and plastic packaging divisions has provoked a major strike through all of the company's operations in West Bengal.

Expansion moves by Hyundai

SEOUL — Hyundai group, the leading South Korean industrial conglomerate, will invest U.S.$444m over the next three years to produce computers and other sophisticated electronics products from 1987, said Mr Chung Ju-Yung, the group's chairman.

Hyundai plans to export $120m worth of electronics goods in 1984, $382m worth in 1985 and $691m in 1986, said Mr Chung.

He said the Hyundai unit, Hyundai Electronics Industrial has already developed by its own less sophisticated microcomputers.

Hyundai also plans to produce car electronic systems, building control systems, factory robots and communication devices.

● Hyundai Wood Industries is discussing with Sime Darby group of Malaysia prospects for setting up a joint venture furniture plant in Malaysia.

The project is still in the early stage, but it illustrates the increasing economic ties between South Korea and Malaysia
Agencies

INTERNATIONAL APPOINTMENTS

Regional head of Citibank West Africa

● Mr David Ansell, vice-president, has been appointed regional head for CITIBANK'S activities in West Africa. Mr Ansell, whose appointment takes effect from October 15, is based in Abidjan, Ivory Coast, the regional head quarters which oversees the bank's branches in Gabon, Ivory Coast, Liberia, Niger and Senegal.

● Mr John Cox has been appointed chief executive officer/deputy chairman of ASSOCIATED MADISON COS INC, insurance subsidiary of American Can Co. His duties include serving as executive vice-president, sector executive, for the financial services division of American Can.

● Mr Arthur C. Nielsen Jr, chairman and chief executive officer of A. C. NIELSEN COMPANY will retire on September 1, 1984. Mr Henry Bark will take over from him on January 5 1984. In addition to being a director, he has been president of the market research group since 1977, the company's major activity. Mr. Nielsen will remain a director and will continue as chairman of the executive and compensation committees, as well as of a newly-formed long range development committee.

● CONTINENTAL ILLINOIS National Bank and Trust Company of Chicago has named five branch managers in the international banking services department. Mr Jennings F. Werner, vice-president, has been named general manager of Continental Illinois Bank, Hong Kong. Mr Richard A. Shearer, vice-president, has been named general manager of Continental Illinois Bank (Canada) and Canada country manager, and Mr William M. Dewey, vice-president, has been named Mexico City representative and Mexico country manager. Mr Robert K. Q. Stoughton has been named general manager of the Singapore branch and regional manager for Asean Australasia and Mr Michael J. Hamar, vice-president, will become country manager for Australasia in the Sydney representative office.

● As part of a major change in American Cyanamid's international organisation, two former managing directors of Formica Limited in the UK are heading a newly-created FORMICA products division, responsible for Formica's operations in all parts of the world except the U.S. and Latin America. Appointed president of the division is Mr James Plumpton, who had been Formica's managing director at Tynemouth for seven years before transferring to Cyanamid's headquarters at Wayne, New Jersey, in 1978. More recently he has been vice-president of the Formica Corp in the U.S. Vice-president of the new division is Mr John Boanas, who joined Formica as marketing manager at Tynemouth in 1975, moved to Wayne at the same time as Mr Plumpton, and came back to the UK as managing director in 1980. He is succeeded as managing director of Formica Limited by his former deputy in that post, Mr Jack Chandler, who for the past 18 months has been deputy managing director of Cyanamid of Great Britain, Gosport.

● Mr Neil Eades, managing director of Sikkens UK, has been appointed to the management team of SIKKENS BV, part of the multinational Akzo Group in Holland.

● CIBA-GEIGY, of Basle, has promoted to manager, from January 1, Dr Jaques Pierre Barman, Dr Heinrich Keberle, Dr Wolfgang Samo, Mr Peter Schaetzle, Prof Walter P. von Wartburg and Dr Joseph Loy Wells.

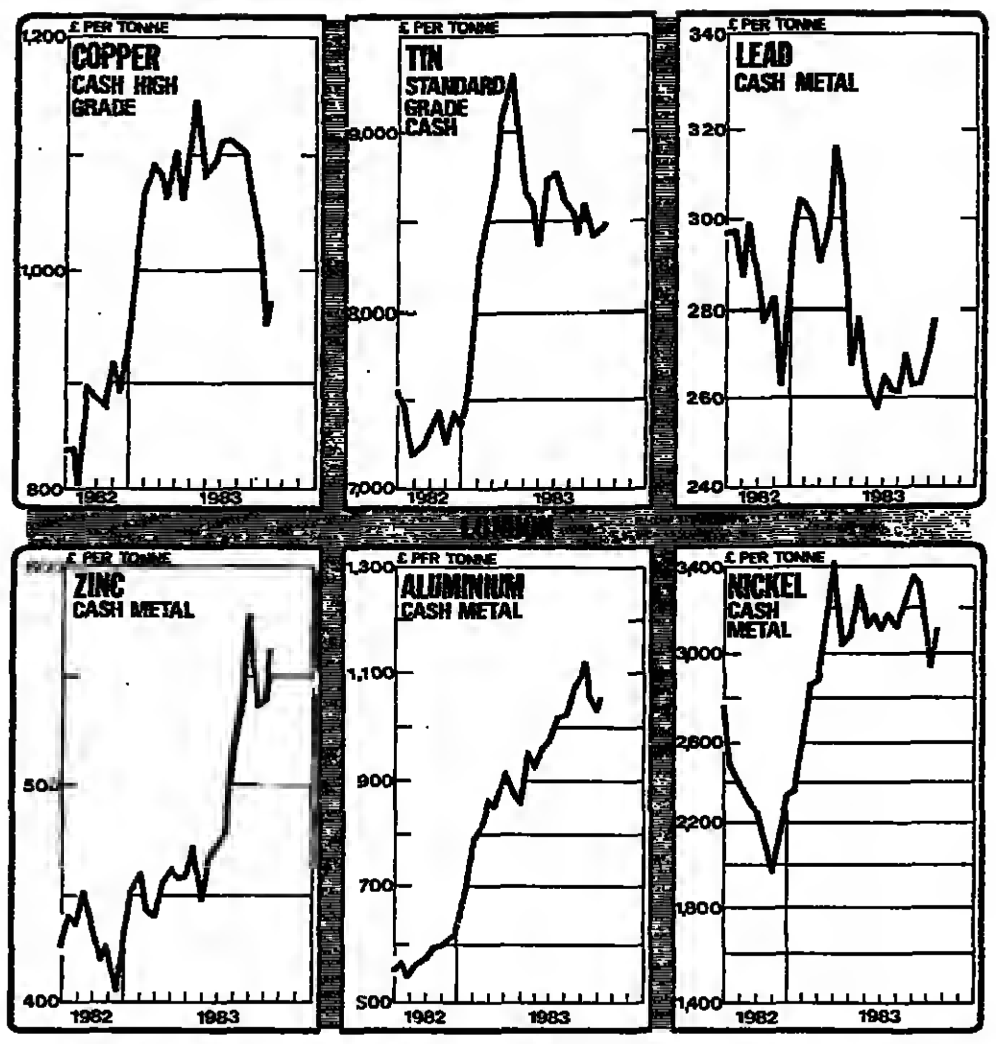
● CESSNA AIRCRAFT COMPANY of Witchita, Kansas, has named Mr Russell R. Roth its senior vice-president of finance and chief financial officer. He joins the company after five years with Allied Corp in Detroit, where he was vice-president and controller of the automotive group.

FINANCIAL TIMES SURVEY

Tuesday October 11 1983

Metals

With the exception of aluminium and zinc demand for metals remains slack, with prices depressed and large stocks overhanging the markets. Unless industrial recovery gathers greater momentum the prospects for improvements in 1984 would seem to be decidedly limited



Possible threat to world supplies

By JOHN EDWARDS, Commodities Editor

METAL TRADERS will view the past year with mixed feelings. Ask aluminium and zinc producers whether 1983 has been a good year and they will answer with an emphatic yes. Put the same question to producers of most other metals and you will receive a very different reply.

Copper producers in particular are going through a period of despair. Earlier hopes that the recovery in the American economy would produce a price explosion, or at least a move to more reasonable levels, have been dashed.

The year started with a bang. Copper prices surged to the highest levels for three years in February. But it is ending in a whimper with prices falling back in a deep mood of pessimism.

Other metal producers have also suffered considerable disappointment, with prices failing to respond to the much heralded improvement in industrial activity in the Western world. Tin prices remain close to the "floor" of the International Tin Agreement despite stringent export controls and sustained support buying by the buffer stock of the International Tin Council.

Lead and nickel prices are at low levels too, although the fundamental supply-demand situation for nickel is much improved with surplus stocks sharply reduced. The mini-boom in specialist (or strategic) metals earlier this year has also faded, with most markets tending to be steady rather than showing the big price rises forecast.

Heavy build-up

Silver prices have been forced down by a heavy build-up in surplus stocks, suggesting that demand is not picking up well; platinum has also been depressed by the easier trend in gold even though it re-established this year its premium over gold.

For the first time aluminium prices established a definite premium over copper, which has traditionally been more expensive. Traders are somewhat at a loss to explain why there has been such a disparate performance between the tremendous price surge enjoyed by aluminium and zinc and the other languishing metal markets.

One explanation is the different structure of the markets. Aluminium and zinc are produced primarily by a relatively few dominant companies, based in the developed world.

They are therefore able to control production to a far greater extent than prodncers of other metals, particularly those in developing countries where the maintenance of foreign exchange earnings is the main objective and they simply cannot afford to reduce output even if prices are depressed.

In other words, aluminium and zinc are enjoying a supply-led boom as a result of heavy cutbacks by disciplined producers determined to reduce surplus stocks and bring supply back in line with demand. There is evidently some truth in that view, but it does not provide a really satisfactory explanation. Producers of nickel, tin and many other metals have also cut back output substantially without managing to create the kind of price surges seen in aluminium and zinc.

Another exlantaion is that the industrial recovery has been patchy, benefiting some sectors more than others and therefore having a variable impact on demand for different metals. It is suggested that so far the recovery has been mainly confined to consumer durables and has not yet extended into heavy capital investment. Aluminium would be expected to benefit more from the consumer durable sector than many other metals. But again there is no particular reason why zinc should be specially favoured, with its main ontlets being galvanised steel and die-casting.

Growth-rates

Some analysts feel that long-term shifts in consumption patterns may now be showing up. Certainly in recent years demand growth rates have been radically changed, mainly reduced substantially, to take account of technological changes in metal-using industries and products.

At the same time short-term influences affecting market prices are also changing considerably. The growing influence of the London Metal Exchange aluminium futures market, for example, has introduced a new element of volatility. Aluminium producers still retain their producer price system but they now freely acknowledge that the movements in the free market—as reflected on the Metal Exchange—are closely followed by consumers and have a direct influence on producer price changes.

Whereas in the past aluminium producers were able to control price movements to a reasonably steady pattern, they are now making much more frequent adjustments reflecting the shorter-term changes in market sentiment. The importance of the free market is likely to receive a considerable boost when the New York Commodity Exchange (Comex) launches its proposed aluminium futures contract later this year, probably in November.

The prodocer price system for copper in North America has already virtually broken down, with producers either tying their prices to Comex quotations or altering their prices constantly to stay in line with the movements on Comex.

While it can be argued that free market prices are probably the best reflection of the true value of a metal—i.e., what someone is prepared to pay for—it is equally the case that futures markets are highly volatile in the short term, often controlled by speculative rather than trade influences. Much has been said in recent years about the evils and advantages of speculation. But there is no doubt that speculative activity in the metal markets has increased substantially and on occasions reaches unhealthy levels, distorting market price movements artificially.

Investment interest in raw materials, with a basic intrinsic value, has been stimulated greatly in the past decade or so by the chaos in the monetary system undermining the value of "paper" money.

But a further expansion in speculative activity in the markets has resulted from the growing popularity of managed funds, normally following chart and computer based systems. These funds now have such very large sums at their disposal that their sudden entry into a market, following a "buy" or "sell" signal, can have a considerable impact, especially when trade activity is at a low level.

The danger is that the funds' influence becomes so great that their predictions become self-fulfilling. Traders are already forced to keep a close eye on charts, and commission house recommendations, to explain some of the sudden unpredictable fluctuations in prices.

But it is even harder to keep check on recommendations by computers, which take no account at all of supply-demand developments but are purely concerned with past price patterns.

While it is true that fundamental developments continue to control long-term price movements, excessive short-term fluctuations can make life extremely uncomfortable for both prodncers and consumers and distort the free market system that is supposed to help regulate supply and demand.

In the past it has been claimed that the industry gains from speculation, not only from the extra liquidity provided but also because the vast majority of speculators lose money which is in effect transferred to the trade.

However, it is questionable whether the big, professional speculators and fund managers, backed by sophisticated computer trading systems, are net losers to the industry any longer. Professional speculators claim that any profits they make are the premium the trade has to pay for receiving protection against unpredictable price fluctuations. But there is growing concern that the premium may be too high if the markets become overly distorted.

Meanwhile small private speculators do on balance continue to be net losers. They are at a considerable disadvantage and have been further handicapped in recent years by a series of scandals and swindles perpetrated primarily by "fringe" operators on the market whose main skill is in selling their services.

Prodded by Professor Jim Gower's report on investor protection last year, and growing concern about the activities of some unscrupulous commodity broking companies, the London Metal Exchange linked with other London futures exchanges to form a Joint Exchange Committee to examine the problems. This committee has proposed the formation of a Futures Brokers Association which would establish a code

CONTINUED ON PAGE III

CONTENTS

Timing is crucial for investors in the highly volatile metal markets, says **John Edwards**

Investment still a highly risky business

INVESTMENT interest in metals has been muted in recent years by the depression in the markets. But it quickly comes flowing back ance there are any signs of recovery; the surge in aluminium and zinc prices this year, for example, was accompanied by heavy speculative buying.

Participation of "outside" investors, or speculators, in the metal markets is now accepted as e way of life and specially catered for by a growing number of companies. It is as e result becoming more sophisticated and professional; few speculators now take e straight "punt" in the hope that some metal price will take off. They take their choice from a variety of methods used to invest in metals, either taking the short-term or the long-term point of view.

The basic reason for the tremendous upsurge of investment interest in metals during the past 20 years or so has been the increasing distrust of paper money. In times of uncertainty, investors have traditionally put their funds into raw materials which retain a basic intrinsic value.

Favourites

Metals are the natural favourites for this kind of investment, since they can be stored reasonably easily, do not deteriorate in quality and are easily obtainable at a known price—especially the metals quoted on futures exchanges. With speciality metals there is a problem since the investor wishing to dispose of a holding may find difficulty in finding a buyer prepared to pay the market price, with no guaranteed outlet the small private investor is very vulnerable to pressure from the few buyers available.

Gold, platinum and silver are the most favoured of the metals for investors, since they are the most easily transportable and can be bought or sold virtually anywhere in the world. Gold is the closest equivalent to en international currency.

There is also considerable interest in base metals, however, especially copper, which reflect the economic and industrial health of the world.

Following the basic reason for investing in raw materials—as a haven against inflation and currency changes—the obvious answer is just to buy the chosen metal and sit tight. The theory is that the price of the metal must rise sufficiently over a period to reflect the impact of inflation on production costs and manufactured products. Looking back at metal price movements over the years, this long-term view appears to be justified.

Demonstrating that this kind of investmeot remains popular, CAL Investments recently launched two new unit trusts for gold and aluminium. Like the company's existing silver trust, the fund invests solely in the specified metal and the unit price, therefore, rises and falls in line with the price of the underlying metal.

The attraction of these funds is that they allow both large and small investors to take edvantage of movements in the metal without having to purchase the minimum quantities dealt with on the relevant exchange. The minimum investment in the gold trust is only $1,000 and in aluminium £500.

However, many people consider buying the actual metal and just holding it in anticipation of the price rising as a sterile investment—the sock under the bed approach. No dividends or interest are paid, so a considerable loss in real terms is sustained unless the metal price rises considerably from the original purchase level. Investors who bought copper, for example, back in 1974 near its peak price of £1,400 a tonne will have suffered severe losses since then.

Timing is crucial, therefore, even though buying the actual physical metal—whether gold, copper or cobalt—is essentially a long-term investment. For those wishing to be more flexible and take advantage of both buying and selling opportunities, the obvious answer is the futures market. The great attraction — and danger — of futures is the 10 per cent margin, which provides tremendous leverage either to generate large profits or large losses.

Steady nerves

Futures trading needs a long pocket, very steady nerves and strong trading discipline. It can be extremely expensive, with the minimum lots required putting the initial outlay needed beyond the reach of small investors. Although only 10 per cent of the total commitment has to be put up, if the market moves in the wrong direction the amount of money required to top up the margin can be horrendous, so any investor bas to keep a considerable reserve in hand.

In these days of highly volatile markets the small investor is in an extremely vulnerable position, with the odds stacked against him. One alternative is to deal indirectly in futures by buying options—either an option to buy (call) or to sell (put) within a specified period at an agreed strike price. This only requires payment of a premium and the investor's liability is, therefore, limited to a known amount—the premium. There are no deposits or margin calls.

If the market moves in the wrong direction the investor simply does not exercise the opiton, although more sophisticated traders use the option as a basis for operating in tha futures market against a known position. Basically, however, the market price has to move sufficiently to yield a profit, after deducting tha cost of the premium, and if the market remains relatively static then the premium is lost.

London brokers Rudolf Wolff recently extended potential options trading by introducing traded metal options. A major problem with the traditional option is that it is fixed for a specified prompt date—one, three, six, nine or 12 months forward from the date of the contract. This effectively locks the holder in for that period.

Traded options give the holder the chance to get out at any time. With traded options, the strike price and the prompt date are fixed and tha only variable is thc premium. The cost of the premium takes the change in the price of the metal, the unexpired period of the option and the supply/demand situation. A traded option is a commodity in itself that can be freely bought and sold up to its expiry date.

Trading in options, or futures markets direct, does require a great deal of time and attention as well as resources. Increasingly both large and small investors have turned towards the fast developing managed funds—the commodity market's equivalent of unit trusts on the Stock Exchange.

The basic idea of managed funds is to bring together sufficient resources to enable a professional manager to take advantage of the trading opportunities offered by futures markets. Under existing UK legislation authorised commodity funds have to confine themselves to trading in commodity related company shares, not tha commodities themselves or tha futures markets.

So the funds, trading in commodities or futures, are all based offshore in tax bavens so as to reduce tax liabilities.

They have grown rapidly in popularity during recent years on both sides of the Atlantic. Managed funds vary widely. A few specialise in metals only. Others prefer the broadest possible spread right across the futures spectrum from copper to grain, cocoa and financial instruments. Some put a proportion of funds in physical commodities, shares, or interest bearing deposits.

The percentage of total resources actually committed to dealing in futures varies considerably according to the fund's policy—normally the greater the proportion used for futures trading, the greater the potential profits or losses. In other words the higher the promised reward, the highes the risk—as with any other form of investment.

Attraction

The great attraction of managed funds is that the investor has limited liability—only standing to lose what is actually invested in the fund. He can sleep at nights and let the manager do the worrying. In theory a professional manager, with sufficient resources behind him, should be able to trade at a considerable advantage over tha small investor—reduced commissions and deposits; greater flexibility; better service from brokers; or even just a better return from money on deposit.

Funds, therefore, offer an attractive alternative for both large and small investors wishing to devote at least part of their portfolios to raw materiels, without becoming involved in high risk gambling. The price paid for this safety is the charge made by the fund manager for his services—normally a small management fee and a percentage of the profits.

Unfortunately the very nature of the funds—passing control of money into someone else's hands—lends itself to exploitation by the unscrupulous minority who have given commodity futures trading a bad reputation. Funds provide all kinds of opportunities for dishonesty, ranging from simply embezzling the money to overcharging or creaming off a percentage of the profits.

Most funds nowadays try to build in all kinds of safety factors, from segregated accounts to detailed reports of all transactions, but tho lack of control in commodity futures trading generally means there is still plenty of scope for dishonesty or sharp practices.

The latest attempt to reassure investors comes from Broad Court Investment Management, which claims to be the first company to offer investors an insurance policy that gives guaranteed protection against fraud or default of any kind by managers or brokers of the fund. Under a contingency insurance policy, arranged with Lowndes Lambert (UK), the investor pays a monthly premium calculated at the rate of 1 per cent per annum of the total value of his investment at the previous month end plus 10 per cent to cover possible unrealised profits. Thus an investor whose £5,000 original stake has grown to £6,000 would pay 1/12th of £60, i.e. £5.

This additional protection should allay many investors' fears and is expected to be widely taken up by other funds but, of course, it provides no protection against legitimate trading losses. The investor still has to choose the right fund or manager, with a proven track record.

Judging by the performance of the markets during the past 12 months, metals investment is still a highly risky business.

Producers face a very bleak year

"I AM unable to discern any signs indicating an appreciable increase in the prices of non-ferrous metal in 1984." This was the gloomy message conveyed by Mr P. G. Smith, chairman of the London Metal Exchange Board, to a conference in Canada at the end of September.

The subsequent debacle in the copper market and severe setbacks for other metals can only have increased the gloom about the future. The steep price falls came just when the markets normally begin picking up as industry returns to work and optimism rises ebout the prospects for the forthcoming year.

This time last year markets were starting to move up strongly, buoyed by hopes that 1983 would be the year of recovery and might well produce a price explosion after so many years of depression.

For aluminium and zinc there was an explosion, although the effect has worn off somewhat in recent weeks. But for most other metals the euphoria lasted only until early spring, when suddenly the gold market collapsed—dropping by over $100 in less than a fortnight—and other metals suffered a similar, if less dramatic, backlash. After the recent collapse, many producers must be wondering whether the recovery has come and gone, virtually passing them by.

Copper has perhaps provided the sorriest story. After surging upwards at the end of 1982 and early months of 1983, it seemed all set to enjoy a prosperous year.

Strike threat

Somehow the predicted boom failed to materialise. The threat of e major strika by U.S. copper workers, when their three-year labour contracts expired in the summer, had surprisingly little impact; consumers hardly bothered to build up their stocks. Copper production in North America has already been cut back to the bone but this has been offset by increased output in the rest of the world, particularly Third World countries desperate for foreign exchange.

Surplus stocks did decline for a brief period in June/July, following soma heavy buying by China which is estimated to have taken at least 100,000 tonnes off the market, but subsequently stocks in the London and New York warehouses have relentlessly built up to high levels again and nothing, it seems, can boost prices.

Political problems in Chile, the world's biggest copper exporter; constant strikes in Peru; increasing tension in the Middle East; the shooting down of the Korean airliner—all these are events which in the past might well have sent copper prices rocketing but have been virtually ignored this time. Tha market is much more concerned with the apparent lack of demand for copper in the U.S., despite the industrial upturn there, and short-term price fluctuations are dominated by speculators mainly interested in driving the market np and down regularly in order to make profits on the movement either way.

Demand remains the key factor. Any sign of e genuine upturn in consumption could quickly sweep away the accumulated stocks and push prices up sharply again but for the moment confidence appears completely undermined, although it is recognised that copper prices cannot remain at below cost of production levels for much longer.

If anything, the experience of tin producers has been even worse than copper. After a brief spurt early in the year, when the drop in sterling helped push London tin prices to peak levels, the market has been struggling all the time. Prices have only beer held just above the "floor" level of the International Tin Agreement by sustained support buying by tha buffer stock of the International Tin Council.

The success of prodncers in effectively controlling supplies has been demonstrated in both the aluminium and zinc markets.

Aluminium producers have managed to reduce world stocks substantially during the past year, basically by cutting output back savagely but also by aggressive promotion. The result has been that aluminium prices have moved to e sustained premium over copper for the first time and look set to remain strong despite recent setbacks. Aluminium stocks in the LME warehouses have been declining steadily, and consumption appears to be benefiting strongly in particular from the growth in demand for consumer durables.

The reason for the surge in zinc prices is more difficult to pinpoint but it seems to be mainly the result of prodnction cutbacks. There is a definite shortage of high-quality zinc and this is helping to push up the whole market.

Zinc's sister metal, lead, has been in the depths of depression for most of the year.

Moves in Europe to speed up the introduction of lead-free petrol and sustained attacks on lead from environmentalists have sapped confidence in the market. But the real problem has been lack of demand for batteries, which are now being made smaller and lasting longer. Lead stocks in the LME warehouses have risen to record levels but prices have shown signs of stabilising recently, if only because traders feel they cannot go any lower and that the traditional ratio with zinc is way out of line.

Nickel producers have menaged to cut surplus stocks substantially by dint of ceasing production in Canada for nearly a year. As a result the market bas stabilised but the long-ewaited upturn in prices has not yet materialised. Early predictions of e surge in demand have now been scaled down.

Many traders believe that nickel nrices will be the next to "go" (upwards) but the recent collapse in copper and gold has brought a considerable setback in confidence, with nickel one of the worst sufferers.

Much the same can be said of most of the strategic or "minor" metals too. They started the year with high hopes; speculative and trade buying in anticipation of supply shortages developing as demand picked up pushed prices higher. But it proved to be a short-lived boom and most markets have fallen back again.

In the present gloomy atmosphere prospects for 1984 look none too bright. All eyes remain on the outlook for the American economy. If the industrial recovery gathers impetus again then metal prices could rise substantially higher. Otherwise producers face e very bleak year indeed.

John Edwards

There is considerable traffic in metals between East and West Europe, with Poland and its high quality copper the leading Comecon exporter

Big source of hard currency for East Europe countries

"WHAT IS the price for copper wire rods in London?" an official of Impexmetal, the Polish metals trading company, asked his assistant. A glance at the monitor in the next room gave him the price on the London Metal Exchange and the official noted that Polish copper commands a premium for its high quality.

No country in Eastern Europe is as dependent as Poland on metals prices, since it is Comecon's leading exporter of copper and the silver which is found in the copper ore. Output of electrolytic copper in Poland reached 348,000 tonnes last year after dipping to 327,000 tonnes in 1981, when copper miners worked only three instead of four shifts and were guaranteed a five-day working week. Polish miners are back to a six-day schedule and both output and exports are expected to exceed last year's level when Poland exported 138m tonnes to the West.

The value of copper exported to both the West and to Eastern Europe was $250m, making it the second most important hard currency earner after coal. About 93 per cent of the copper was sold for dollars, which meant Poland was also earning hard currency for most of its copper sales to Comecon.

Higher value

Polish silver production last year was 643,000 tonnes, a sharp drop from the record 766,000 tonnes produced in 1980. Silver exports earned the country $100m last year and rising silver prices are expected to prodnce a much higber value of exports this year. In the first half of this year Polish metal exports rose 35 per cent over the corresponding period last year.

Polisb copper is exported mainly to Western Europe, the world's largest copper buyer. About 60 per cent of copper exports are sold to West Germany and the rest to Belgium, the UK, Italy and Switzerland. While the Poles say they are not satisfied with the prices they are getting for their copper in Western Europe, dealers in the West say it is the "usual sniping" taking place between commodity sellers and buyers.

Ten per cent of West Germany's copper consumption stems from Polish prodnction under a long-term agreement between a consortium headed by the leading West German metals company Metallgesellschaft and Impexmetal. The company notes that throughout 1981, when Polish production and exports plummeted, Polish deliveries of copper to the West never faltered.

Polish exports of copper semi-products run at about 40,000 tonnes annually, of which 75 per cent go to other Comecon countries in the form of pipes, rods, sheets and strip. The Poles say the reasons for the low proportion of exports to the West of semi-products include customs barriers, strong competition and unutilised capacity in the West.

At times buying and selling by individual Communist countries can influence the markets. Reports in May, for example, that China had bought 200,000 tonnes of aluminium from Alcan sent aluminium futures soaring. They fell back, though, when Alcan denied it had sold that much. Similarly LME zinc values were boosted in May by reports of active Chinese buying.

East Germany is another important metals trader in Comecon. The East Germans, with a large photo film industry, are active buyers and sellers of silver on the LME, where their dealings do much to swell the trade figures between the UK and East Germany. In common with other Comecon countries East Germany ships the silver it trades speculatively back and forth between London and Rostock.

Copper is the main metal East Germany imports from the West, with official statistics showing East Germany imported 27,500 tonnes or refined coper last year, of which 17,000 tonnes came from West Germany. In addition, East Germany also imports a good deal of copper scrap from West Germany. Last year East Germany purchased 25,800 tonnes of zinc from the West, mainly West Germany, because it was unable to get its normal supply from Poland.

The East Germans also import unwrought aluminium from the West—37,000 tonnes last year—and export it—26,000 tonnes.

Deliveries up

Total West German non-ferrous metals and precious metals sales to East Germany amounted to DM 461m last year, up 72 per cent over the previous year. Sales in the first half of this year were DM 363m, a healthy 63 per cent rise. East German deliveries of non-ferrous metals to West Germany last year were DM 202m, 17 per cent higher, while deliveries in the first six months of this year were worth DM 109m, up 16 per cent.

As with all other metals traded between East and West, the East-West German metals business is for cash. As one West German metals dealer pointed out, the LME's ware houses are filled with Russian and Polish cathode copper, Bulgarian zinc and other metals which be said proved that the East Europeans are skilled traders who know how to profit from the market.

Frequently East European countries will buy and sell the same metal within a few weeks in the manner of speculators. One West German dealer said that at times it may be the need to obtain hard currency quickly but that just at often it appears to be a lack of co-ordinstion between industrial enterprises. He noted that some years ago a small East European country sold Russian nickel in Western Europe although the country in question does not have a steel plant to consume nickel. The explanation was simply that it bad to buy a certain amount of Russian nickel whether it needed it or not.

The Soviet Union, although a major producer of most base metals, is not on the whole a major exporter. The exception is aluminium, of which it exported 203,000 tonnes last year; Japan alone bought 81,700 tonnes. The Soviet Union also exported 30,600 tonnes of nickel last year, 20 per cent of its production. Since the beginning of 1981 the Russians and Cubans have increasingly been offering nickel at relatively low prices. This further depressed the Western market, where consumption has fallen steadily in recent years.

In June the European Community imposed a 7 per cent provisional duty on Soviet nickel exports to the EEC — some 20,000 tonnes last year, worth about $95m. The duty was levied after European producers charged the Russians with dumping the nickel. This moved the Soviet metals trading organisations Raznoimport to challenge the ruling in the European Court of Justice.

The Soviets lost in the first instance when the court last July refused an interim injunction against the duties. But later Community officials said that further investigations had disclosed Moscow would win its case if it were given a full hearing. The EEC's Executive Commission took the unusual step of recommending that member countries fully refund to Moscow the duty thus fer collected on imports of Soviet nickel.

In the course of its investigations the Commission said it had found evidence that the Russians themselves were being undercut by other exporters to the EEC and that nickel producers in the Community who had complained about Soviet dumping had failed to protest about being undercut by others.

Leslie Colitt

Threat to world supplies

CONTINUED FROM PAGE 1

of conduct and set up a compensation fund. This is still being formulated.

The Metal Exchange, however, which has never been particularly friendly with the other futures exchanges despite having many joint member companies, decided in September to go it alone and set up its own compensation fund.

Its justification for acting unilaterally was that its structure differs radically from other futures markets, which have central clearing systems mainly run by the International Commodities Clearing House. The Metal Exchange is unique in having a principals only contract, in which individual member companies bear any risks themselves and, according to the LME, are therefore much more cautious as to whom they take on as clients or permit to be members of the Exchange.

Details of the proposed compensation fund are yet to be finalised. It will be a cash fund subscribed by members and backed up with guarantees and if necessary a "catastrophe" insurance policy. To emphasise that it is intended to protect only small private clients, the maximum amount payable, in the event of the failure of a member company, will he only £7,500—the same maximum stipulated in the 1979 Banking Act deposit scheme.

There will, of course, be no compensation offered to speculators who suffer losses simply as a result of getting the market wrong.

Last month the LME also announced that it was planning to introduce a new silver futures contract, with a minimum lot size of only 2,000 ounces. Interest in the silver contract introduced in 1968 with a minimum lot of 10,000 ounces has dwindled in recent years, with the rise in silver prices during the past 15 years making one lot very expensive. It is said the smaller lot size is closer to trade hedging requirements and will encourage cash-and carry transactions in reducing the outlay involved. The original contract was fixed at 10,000 ounces to discourage excessive speculation but even at 2,000 ounces one lot remains fairly expensive.

The Exchange is also working on plans to revise the higher grade copper contract again to take into account the phasing out of wirebars production.

Any change in the Exchange contract will do little to help the plight of copper prodncers suffering from depressed prices. Nor will the planned Kuala Lumpur tin futures market, to be launched next year, provide any help in stimulating tin prices.

However, the formation of the Association of Tin Producers (perbaps unfairly dubbed Tinpec) may be a significant development for the future. Although the member companies say the association will be mainly concerned with research and development of better marketing of tin, it may well play a more important role in the years ahead, especially if the International Tin Agreement collapses.

The U.S. has already by-passed the International Tin Council in negotiating direct with Malaysia an agreement to limit sales of surplus tin from its strategic stockpiles.

Other metal producers may well decide that they have a hetter chance of achieving their objectives by acting unilaterally rather than by seeking to co-operate with consumers.

The UK Government's decision to start a strategic stockpile of critical metals and minerals, whose future supply could be threatened by political developments, shows that there is some concern that developing countries with the bulk of the world's metal reserves are coming under increasing stress. The low prices, and consequent lack of investment, must eventually lead to declining production and a price explosion. But on present indications the recovery in demand has not been sufficiently strong yet to bring this about in 1984.

The New York Commodity Exchange, Comex, has been regularly reporting record trading volumes in a variety of commodities

Swept up in Wall St. surge

AT AGE 50, the New York Commodity Exchange (Comex) shows no real inclination towards middle age. A major new contract is planned for later this year and the exchange is busily engaged in upgrading its services and support systems to accommodate more easily the rapld expansion of the computer into futures markets trading.

The past year has been fairly remarkable for Comex. At the beginning of 1982, along with most other trading and industrial institutions, it was caught fast in the recession and there seemed nothing to do bnt sit tight, hope and wait.

But recovery came faster than Comex, or anyone else, really expected. While the physical industries it serves were still retrenching, Comex was swept along last year on the tide of speculative hope surging out of the New York Stock Exchange. As the level of the Dow Jones index headed ever higher, those who took this as a sign of better things to come began widening their investment interests.

Futures

Of all the major exchanges Comex is the ona best suited to catch the attention of tha speculator. A futures exchange pure and simple, it has none of the large element of physical business which tha LME, for example, has. It can more readily accommodate the incessant paper chasa of the speculator's hunt for quick profit.

So when interest in fast moving numbers overflowed from the Stock Exchange Comex caught the best of it. From the relative doldrums of 1980 and 1981, Comex this year has been reporting regular monthly record trading volumes in various of its commodities.

Not surprisingly, gold and silver have for the most part led the way. Gold itself, and the more recently introduced gold options, have proved the bulwark of the exchange's trading pushing Comex into the top tier of the world's gold markets.

However, even such industrial laggards as copper bave been doing well on the floor of the exchange. Though the fledgling recovery has so far not touched the copper producers, which continue to suffer under very large world stocks of the metal and depressed prices, on the Comex at least trade in copper has never been better.

For the first eight months of this year copper traded a little over 2.33m contracts, about the same number as was traded in the whola of 1982, the best year Comex copper has had.

Comex officials bave great hopes for the newest planned entrant to the floor of the exchange. Pending approval from the Commodity Futures Trading Commission, the exchange will begin trading aluminium futures around the middle of November.

For many people aluminium on Comex has been a long time in coming. The U.S. and Canada, though baving yielded some of their infinence to more recent producers in Third World and developing countries, are still the giants of the aluminium world. A futures market in the metal in North America would seem a natural.

Moreover, Comex has bad the example of the LME aluminium contract to follow. The LME introduced its own contract nearly fiva years ago, after a stuttering start, it has proved a success, to the extent that many of the top LME officials see it overtaking copper, the granddaddy of LME contracts, as the LME'a major metal within the next couple of years.

Comex first considered an aluminium contract more than two years ago. However, the idea was shelved because of insufficient trade interest.

Attitudes have changed considerably since then. First, the aluminium industry ltself is in a much better state. It is the only one of the major non-ferrous metals to have posted a significant improvement in demand and prices this year. Secondly, the aluminium producers and consumers are seemingly much more conciliatory towards aluminium on the markets than they were when the LME lntroduced its contract.

Though no North American producer h:s come out publicly in support of the Comex contract, it seems a foregone conclusion thot at least some of these producers, resigned now to more exchange-influenced pricing of aluminium, will themselves use tha Comex to hedge.

Contract

Thirdly, and perhaps most attractively, both Comex and LME traders support the new contract because of the opportunities it provides for arbitrage business between the two exchanges.

Arbitrage, dealing off the relative price differentials between the two exchanges, has become firmly established as o major transatlantic trading tool and one which has occupied more of traders' time on both sides of the water as opportunities in their bome markets bave shrunk.

It should be noted that the decision by Comex to introduce aluminum this year, on its 50tb birthday, comes as only a slight surprise. The LME also onnounced its aluminium contract during its centenary celebrotions. However, as then with the LME, Comex officials have denied anything so trite and human as using aluminium as a birthday surprise.

Still, whatever the reason, Comex officials have every hope that aluminium will prove one of the exchange's biggest draws in coming years, "somewhere between gold and gold options," as one official recently put it.

As well as new contracts, Comex is also bent on upgrading its in-house services. The explosion in the number of contracts traded is rapidly making the current system of runners and slips of paper for recording contracts unworkable and plans call for automoted procedures and computerised recording of trades within the near future.

This, exchange officials hope, will help to speed up the business of Comex, making the system more compact ond accurate. It will also serve the rapidly growing demand for facilities for "computer trading," where most of the day-to-day trading transactions are handled solely by brokers' computer networks.

The Comex of the next few years will not be without its challenges, both within and without. As it becomes a part of the greater world of futures exchanges, which encompasses most commodities and metals, as well as financial futures and such esoteric things as index options, and as its own growth continues, pressure will eventually come for the by-then unwieldy giant to reorganise into a more manageablo entity.

From exchanges in other parts of the U.S., particularly those in Chicago, Comex faces challenges currently to its pre-eminence in various markets, specifically those in gold and silver. However, it seems to be meeting these challenges with equanimity.

All told, life is fairly good right now for Comex. The future holds tantalising promise enough—but with enough New York-style potholes along the way as well — for the next few years to be followed with considerable interest.

Brian Robinson

The LME has developed its own computer-based protection system against over-trading

MEMO acts as safeguard

THE London Metal Exchange (LME) has long taken pride in its non-conformist attitude to business vis-a-vis the rest of the commodities scene. Its "my word is my bond" attitude firmly applies to its principal-to-principal system of trading. The exchange abides by its own rules and, unlike the soft commodity markets, does not use the International Commodities Clearing House as the clearing agent and guarantor for its contracts.

Since its formation in 1877 little had occurred to ruffle the calm of the exchange. Up to the ontbreak of the last war there had been only three recorded bankruptcies among members and these do not appear to have cause much of a stir.

Twenty years ago, however, the collapse of ring-dealing member Metal Traders (caused, incidentally, by activities unconnected with the LME) and the subsequent growing scale of business on the exchange generally highlighted the need for members to have some more formal system of protection against failure by fellow-traders in addition to tha already established members' compensation fund.

Nevertheless, apart from some discussions, little was done towards improving matters until 1973-74, when the market went through a period of hectic trading activity which caused exceptional price volatility. The obvious danger in the situation caused voices to be raised once again in many quarters and some of the most vociferous were calling for a clearing bouse system.

At the same time, though, the majority of trade users, the backbone of the market, were more than happy to adhere to the status quo. For generations they had been accustomed to a system of trading in dates up to three months ahead for bedging operations. The credit lines which LME members provided enabled them to use the markets freely, and the widely used facility to borrow on the contango—when cash metal, at a discount to forward metal, is bought simultaneously with a sale of three months' metal to ensure a reasonable eventual yield—would be unworkable if statutory deposits and margins were applied.

So for this — and other reasons inherent to the special structure of the LME—the clearing house system was not seen to be the right answer.

But it was becoming increasingly necessary to find a solution to the problem and this would have to be found within a formula that would retain all the best features of the LME but at the same time provide safeguards against any member trading beyond his financial capacity. Primarily, what was required was an early warning system should a member be in danger of approaching a pre-determined maximum trading limit.

There was no precedent to work from but gradually a scheme was hammered out and a computer system was designed to handle the system. On the first day of June 1979 the London Metal Exchange Monitoring Operation (MEMO) came into being.

Credit

The basic parts of MEMO consist of a credit line for each ring member; rules for calculating daily the amount which each member owes to, or is owed by, all the other ring members; a computer system; a monitor; a monitoring committee with rules to cover the default or cessation of a ring member.

For o start, each ring member is granted a credit line officially known as his Permitted Open Indebtness. This is the maximum net amount which be may owe all the other ring members collectively without boving to put up collateral. This is calculated carefully to a closely drawn up formula.

Each ring member must submit his audited accounts to the LME each year to obtain a certificate of solvency. Basically, the member must show that be has net tangible assets of at least £500,000. In addition, the parent company of a ring member may give a guarantee on behalf of its subsidiary to the LME up to a maximum amount of £5m.

MEMO applies to all contracts for metals (including option contracts) made between ring members on LME standard contract terms but excluda contracts done for cash prompt date. Each member must report by 8 pm the same evening daily details of all contracts made up to 5 pm. Later contracts are reported the following day.

Although, for reasons already stated, the LME has never used the International Commodity Clearing House system per se, the daily calculating and reporting of MEMO is handled by the computer bureau of this body. Most ring members are linked to the ICCH by computer terminal, althougb they have the option of submitting their information manually on appropriate forms if they so wish.

MEMO bas proven itself to be an effective monitoring process and its advent has gone hand in band with more sophisticated computer systems being introdnced by ring dealing members themselves. One such system, Accord, was actually developed by Peter Leon, an ex-trader and once associate director in charge of credit control of Rudolf Wolff, one of the founder members of the LME. The system is used by Wolff aod several other commodity firms.

Peter Leon points out that "real time" systems—in computer jargon real time means that it happens now—are becoming essential tools in keeping pace with the increasingly sophisticated international commodities markets scene.

With most LME member companies now dealing in an increasing range of other commodities, with different sets of rules, and with the exceptional volatility of international currencies in recent years, it is now more than ever necessary to include all these reloted factors into a single system giving instant recall.

Ian Dunning

The first signs of recovery from the world wide recession are only now beginning to appear, reports George Milling-Stanley

Pendulum's return swing

THE CYCLICAL nature of the mining industry hes rarely been better illustrated than during the past few years. Just three years ago many of the world's leading mining companies were reporting record results but the period since has seen the worst slump in metal prices for 50 years as demand has contracted sharply in the face of the severe worldwide recession.

During most of that time company chairmen continued to forecast, albeit with dwindling confidence, that the upturn in economic activity was just around the corner. In fact it has taken until just a few months ago for the first signs of recovery to make their belated appearance in the results of the leading companies.

The Rio Tinto-Zinc group, London-based but with a worldwide spread of interests covering a broad range of metals and minerals, will serve as a reasonable introduction to a review of the results and prospects of mining companies selected not by size or importance but on the basis of the breadth of interests, both geographical and mineralogical.

RTZ'a latest reported results covered the six months ended on June 30, the first half of the group'a financial year. The group did well during the period, with attributable profits of £84.5m.

This compares with just £28.9m for the corresponding first six months of 1982 but the direct comparison is misleading. The first half of last year was an exceptionally depressed time and the general recovery in RTZ's fortunes had already begun during the second half of the year with profits of £74.6m.

The biggest single contribution to the improved profits in the latest period was a £30m turnround from losses to profits at the Australian arm CRA, which includes the big Papua New Guinea copper and gold producer Bougainville, Hamersley Iron, the beach sand minerals business of Australian Mining and Smelting, Kembla Coal and Coke and the Comalco aluminium operation.

The continued improvement in RTZ's fortunes has persuaded many analysts to upgrade their forecasts of the likely outturn for the full year. These now range between about £165m and £185m. Another widely diversified mining company is Australia's Western Mining Corporation (WMC), which has been gradually reducing its dependence on nickel over the past few years, partly through acquisitions and partly through the successes of its own excellent exploration team. Interests now include gold, aluminium, uranium, copper, oil and gas.

WMC recently reported a less than inspiring set of results for the year to June, with the gold interests held through Central Norseman and Gold Mines of Kalgoorlie being just about the only bright spot.

The group is expected to do much better in the current 12 months, however, on the back of sharp recoveries in the important nickel and aluminium businesses.

Noranda Mines is one of Canada's leading natural resources groups, with operations spanning the whole range from copper, lead, zinc, gold, aluminium and molybdenum to forest products and oil and gas.

The group returned to profit in the second quarter of this year and hopes to achieve a small profit for the year as a whole if prices for copper, aluminium and zinc move further ahead.

A much less widely diversified spread of interests is held by Newmont Mining, the U.S. group in which London's Consolidated Gold Fields has built up a sizable minority stake. Newmont is primarily a copper producer, one of the largest in the U.S., but it is also involved in other non-ferrous metals, precious metals and energy.

In the second quarter of 1983 the gold and energy interests offset a loss on copper to give the group a 55 per cent rise at the halfway stage. Newmont is already well on the way to the hoped-for increase on last year's net profits of $48.6m.

Zambia Consolidated Copper Mines (ZCCM) is another big copper producer, but one without the advantages a broad spread of interests brings to Newmont. Beyond that, ZCCM bas problems peculiar to its position as a producer from a country in the developing world.

In essence, copper companies in the developed world cut their production — and thus their workforces and costs—during the recent period of extremely depressed demand for the metal.

Less daveloped countries such as Zambia, Zaire and Chile, on tha other hand, maintained and even in some cases increased their output in order to satisfy the foreign exchange needs of their respective governments. They have thus not been able to reduce costs to the same extent as (especially) the North American producers.

A particular problem for ZCCM bas been the Zambian authorities' imposition of a tax on all mineral exports, initially at a rate of 4 per cent from April 1 this year and subsequently raised to 8 per cent. This has imposed an extra cost burden of around Kwacha 100m (£51m) a year on the group.

Venture

Canada's Inco, the world's biggest nickel producer, is another group which is suffering the problems of exposure to essentially one commodity.

The group has done a great deal to reduce costs, notably by cutting prodoction, disposing of an ill-timed venture into the battery business and closing its high-cost operations in Guatemala; but it is still dependent on a substantial rise in the price of nickel.

A second-quarter loss of $39.7m was posted, and it seems impossibla that the group can return to profits before the first quarter of next year at the earliest.

Similar problems, although on a much smaller scale, are faced by Malaysia's tin-producing Sungei Besi Mines. This company is expecting considerably lower profits in the current financial year to March 1984, partly because tin prices are likely to remain depressed and partly because of essential (but expensive) development work at its open-pit operations.

The company has stockpiled output in line with the severe export cutbacks imposed under the terms of the sixth International Tin Agreement but these quotas, applied to all producing members of the Internatonal Tin Council, have only succeeded in maintaining the tin price at or slightly above the officially designated floor price.

America's Amax is no longer a single-product group, having diversified in recent years into precious and base metals and energy, but it is still far too dependent on trends in the market for molybdenum for comfort.

There is still not enough evidence to predict with any confidence that Amax will be back in profit before tha year is out.

The foregoing demonstrates the wisdom of the policy of broadening a group's interests in order to reduce exposure to the price of one single commodity. This only applies in times of recession, of course; reduced exposure to one commodity is only the reverse side of the coin of increased gearing at times of rising prices.

Low prices put brake on major new schemes

JUST OVER a year ago, the London-based international mining group Rio Tinto-Zinc announced that it was taking a big stake in the Cerro Colorado copper deposit in Panama. The late Sir Mark Turner, then RTZ's chairman, said that the deposit must rank as one of the great potential mines of the future.

The announcement caused quite a stir among copper producers worldwide, largely because of the remoteness of the Cerro Colorado location, and the total absence of any of the huge infrastructure that a big mine needs.

Mr Charles Barber, chairman of the big U.S. producer Asarco, expressed considerable surprise, and said that under the then current conditions, one could not prudently assume a copper price high enongh to justify the development of a copper deposit of the type proposed.

Asarco has considerabla experience of the difficulties of developing large porphyry copper deposits in the southern hemisphere, where companies cannot expect to find in place any of the infrastructure they will need.

Basing his arguments on Asarco's experience of the Cuajone copper deposit in Peru, Mr Barber said that investors would have to assume a copper price in 1980 dollars of between $2.35 and $2.70 per pound if they were to consider the development of another Cuajone.

That was said at a time when the metal price was just under $1 per pound, and of course it has subsequently fallen far lower than that.

RTZ's plans for Cerro Colorado have been put on the back hurner for the time being, but the story does serve to illustrate some of the problems mining companies have to face in their forward planning.

Clearly, inflation has added a hit to Mr Barber's figures—in 1983 terms he would probably have to be talking of a copper price well over $3 a pound.

He was, however, prescient enough to suggest that consumers would have to rely on the expansion of existing mines, the development of smaller tonnage hut high-grade deposits, and of mines such as Ok Tedi in Papua, New Guinea, with significant by-prodncts such as gold, until the price moved a good deal higher.

That is precisely what is happening three years later, with no grand proposals currently in hand to develop large-scale, single-commodity, copper deposits. And that is out of a list of not far short of 300 known deposits awaiting development, with reserves of well in excess of 200m tonnes of copper.

Thus the age-old question as to what metal prica would be required to bring about an increase in copper production is mnch more difficult to answer today.

The answers depend on a range of factors. Is the development under consideration simply the expansion of capacity at an existing mine, involving perhaps the sinking of a sub-vertical shaft or extensions to an open pit which is already in production?

Will it mean a new open pit or a new shaft from surface? Are we talking about a new deposit in or near an existing mining camp, where we might be able to toll-refine our product? Or is it like Cerro Colorado, remote, difficult of access, and with no infrastructure at all?

Perhaps most important of all, do we have an economically viable by-product? Copper often occurs in tandem with gold, as in the gold cap overlaying the copper ore at Ok Tedi, or the more evenly blended ore of Bougainville, also in Papua New Guinea.

Copper and molybdenum also occur together, but then no-one seems to want the former space-age metal right now, until there is a substantial expansion in spending on aerospace and defence.

The copper price needed to justify new developments depends on the answers to all of these questions.

Interest rates

A last vital question is the method of financing required. Internally-funded projects make much more economic sense at times like the present, when interest rates are unusually high.

The emphasis on cost calculations has therefore switched from low operating costs, which have been regarded as central for several years, towards achieving the minimum capital cost.

This picture could, of course, change dramatically if copper prices improve significantly but the point has been made several times by people who should be in a position to know that the upturn in economic activity we are witnessing at present is confined to consumer goods and has shown no real signs of spreading to include the capital goods sector. That is bad news for metal prices in general, not just for copper.

The authoritative Mining Annual Review had this to say on the subject. "It is reasonable to anticipate a slow recovery in the real consumption of mineral industry products, but there is unlikely to be any major growth period parallel to the 60s.

"Nevertheless, there could well be periods of explosive demand as consumers anticipate possible shortages and seek to re-establish stock levels."

It is to be hoped that would-be copper producers, or current producers seeking to expand their capacity, will not fall prey to the temptations that these relatively short periods of explosive prices will offer.

If that happens, we shall then simply embark on a repetition of a process which has been seen in a number of commodities over the past couple of centuries.

These comments, although here applied specifically to copper as a kind of case-history, are broadly true of all non-precious metals. In relation to existing and projected demand, most of these metals are still in over-supply, even aluminium and nickel.

In these two metals, where there have been a number of plant closures, some of them undoubtedly permanent, capacity is still more than adequate to meet a modest recovery in consumption. And that is all that can be expected over the next few years.

FT COMMERCIAL LAW REPORTS

Right to appeal from arbitrator on European point

BULK OIL (ZUG) AG v SUN INTERNATIONAL LTD & ANOTHER

Court of Appeal (Lord Justice Ackner and Lord Justice O'Connor): September 30 1983.

WHERE A question of EEC law arises in an arbitration, *leave to appeal from the* award may be given if the point is new, is capable of serious argument, and is of *potentially great importance* and far-reaching effect.

The Court of Appeal so held when dismissing an appeal by Sun International Ltd and Sun Oil Trading Co Ltd from Mr Justice Bingham's decision to grant leave to Bulk Oil (Zug) AG to appeal from an arbitrator's award thot Bulk was in breach of its contract to buy North Sea oil from Sun.

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LORD JUSTICE ACKNER, giving the judgment of the court, said that in April 1981 Sun agreed to sell a large quantity of UK crude oil to Bulk. The contract provided "destination . . . olways in line with exporting country's government policy."

At the North Sea terminat Sun refused to load the cargo because its destination was Israel. The export of North Sea crude oil to Israel was said to be contrary to the policy of the UK Government. [*See:* Mr Benn's energy policy announcement, January 31 1979.]

Because of that refusal, a number of claims were referred to arbitration. The arbitrator beld that the export of UK crude oil to Israel was contrary to UK Government policy and that Suo was not in breacb of contract when it refused to load. He beld that Bulk was in breach of contract.

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It was common ground that the party adversely affected by the decision would want a ruling from the Court of Justice in Luxembourg. As an arbitrator could not refer any questioo to Luxembourg there would first have to be an appeal from the award.

Bulk sought leave to appeal on the ground that if UK policy precluded the export of North Sea oil to Israel, that policy was void under the law of the European Economic Community (EEC).

Leave to appeal was sought as the first step towards seeking o reference under article 177 of the EEC treaty.

Mr Justice Bingham, in the exercise of his discretioo, gave leave to appeal against the arbitrator's decision, and against his own decision.

He considered the principles relevant to the grant of leave to appeal agaiost an arbitrator's award.

The judge asked himself the first *question* which arose under sectioo 1(4) of the Arbitration Act 1979, namely whether there was o question of law which could substantiolly affect the rights of one or more of the parties. He understandably concluded that it was plain beyond *argument* that that requirement was satisfied.

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He then considered the importance of the question raised. He said that the relevant clouse of the cootract was one which was to be found in the same or similar form in North Sea oil contracts. The prohibition was likely to affect traders other than Bulk, and was a question of potentially *great importance* to Israel.

Also, he said, the prohibition extended to any country not falling within the groups formed by the International Energy Agency and the EEC, and to Finlond. Any doubt about the legality of the British policy was therefore an important matter far transcending the interests of the litigating parties.

Mr Justice Bingbam was clearly right in his assessment of the importaoce and significance of the issue.

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He then considered the application of the guidelines for seeking leave to appeal laid down in the *Nema* [1982] AC 725. In his view there was grouod for saying that those might not be applicable in all cases.

The court agreed. It had been so stated by the Court of Appeal in *Antaios Compania Noviera o Salem Rederiernaba.* There Sir John Donaldson MR bad said that the *Nema* provided guidelines, and guidelines by definition permitted exceptions.

Io the *Kerman* [1982] 1 *Lloyd's Rep* 62,66 Mr Justice Parker said, with regard to cases which did oot fall directly within the *Nema* categories, "the more far-reaching the effects of the determination of the point of law involved, the less strict the criteria sbould be . . . If the point is one which will affect not only persons withio a particular trade but persons in other trades as well, and indeed, persons not in trade at all, it would be proper to grant leove oo the basis of very little more than a demonstration that the point was capable of serious argument. Furthermore, if the point was an entirely oew ooe on which there is no authority I would regard this as o special circumstance making it proper *to graot leave on the ground* that it was importaot that authoritative guidance be given at the earliest possible moment."

Mr Justice Bingbam observed *that the present case fell within* the category so defined. But he said there was an additional reason for not directly following the ordinary *rules in* the *Nema.*

That was that it was harder for an English judge to undertake a point of Community law than o poiot of English law, and harder still for him to do so with any confidence of being correct.

The decision of the European Court in *Nordsee Deutsche [1982] Case No. 102/81* emphasised the duty of national courts, io their role of supervisors of orbitration proceedings, to ensure the observaoce of Community law.

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Further support for the propositioo that there wos a duty on oatiooal courts to apply Community law was to be found in *Amministrazione delle Finanze dello Stato* (1978) Case No. *106/77 paras 13-27.*

Mr Justice Bingbam did not decide that wheoever a question of Community law arose leave to *appeal must be given.* Clearly the point raised must be capable of serious argument and not admit of only one possible answer or be covered by a Community outhority precisely in point.

He was fully entitled to conclude that the guidelines did not coter for a case of the present kind. He based his decision to grant leave on *the following* factors:

(1) the poiot was new; (2) it was a *question* of potentially very great importance to any couotry not falling within the International Energy Agency or EEC, and to Finland; (3) it was importaot that authoritative guidance be given and there would be none without the grant of leave; (4) the point was capable of serious argument; (5) it involved potentially a very large sum of money ($15m); (6) it *involved a question* of Community law of complexity on which his and the arbitrator's view could be wrong; (7) if that point were decided in Bulk's favour, then Sun would have been in breach of contract in failing to load the vessel.

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Those were all factors which Mr Justice Bingham was entitled to take into account and which, taken cumulatively, justified his granting leave.

Appeal dismissed.

For Sun: Adrian *Hamilton QC, Nicholas Chambers and Peter Brunner (Ince ond Co.).*

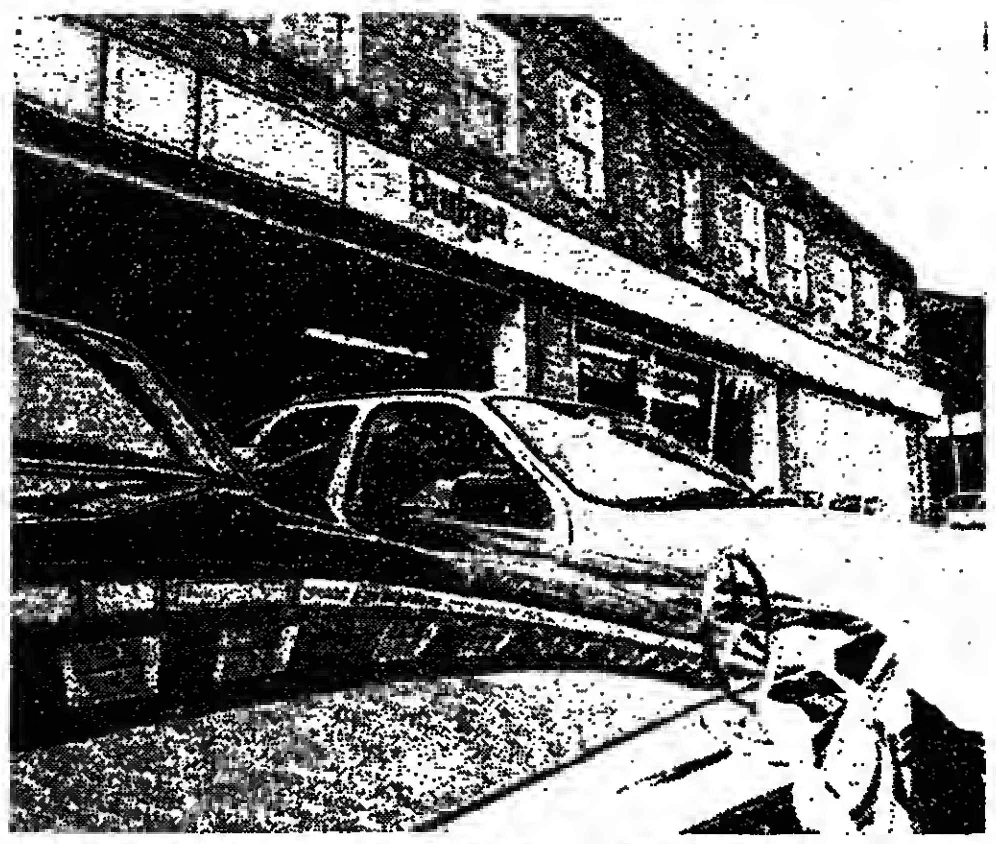
For Bulk: H. A. J. *Vaughan QC* ond *Michael Mark (Maidlich and Co.)*

By Rachel Davies
Barrister

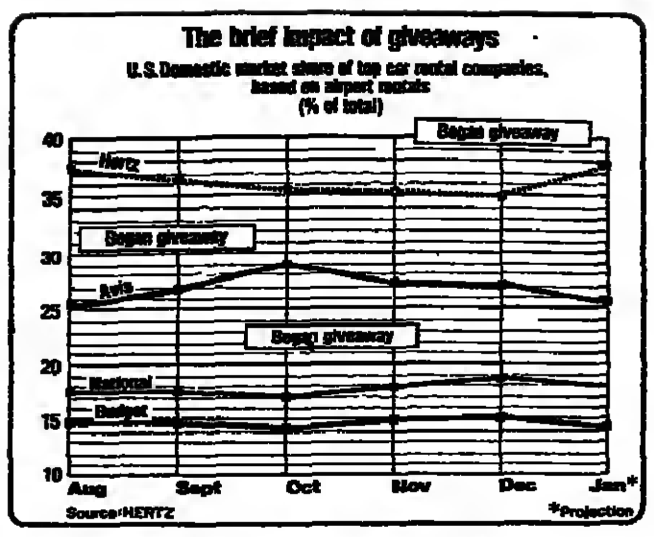
Vehicle Rental

FINANCIAL TIMES REPORT

The past year has seen a considerable revival in the fortunes of most fields of rental. The industry is doing better but awaits a rise in business confidence. Higher volumes, the companies hope, will reduce the pressure for discounts



Quality cars as well as basic transport are readily available to rent



The impact of a giveaway war

Last winter saw a massive giveaways battle between the American car rental majors as each bid against the others to offer customers rewards ranging from flight bags and electric razors to luggage sets and holidays. When the battle came to an end, a great deal of money had been spent but market shares remained unaltered.

In an upturn—almost

BY ARTHUR SANDLES

IF VEHICLE rental really is the barometer of business activity that so many in the industry claim it to be, then things are on the npturn. The past year has seen a considerable revival in the fortunes of most fields of rental, notably car hire, although some would say there is still plenty of room for improvement.

The rental market depends of course on much more than just the level of consumer demand. Interest rates, initial capital costs and second-hand values are key factors. It could be argued that it is to the performance of these fectors over the past 12 months that the industry should look for the basis of its current somewhat healthier state than to the sheer fact that basic business is a little better.

Probably the two most significant global factors for the car rental business in the past year have been the ending of the giveaways war in the U.S. and the impact of currency problems. Once Hertz declared that it would match rivals blow for blow rather than see its market share whittled away then the days of the war were numbered. Hertz, now off the sales shelf since its fortunes revived, showed that it had the muscle and determination to carry its threat into reality and the war petered out.

Currency difficulties show little sign of going away quite so easily. French Government action in imposing strict currency limits on its citizens when travelling and banning the use of credit cards was a nasty blow to some countries which looked to that market. It was the first of several of such moves, notably in recent months from South American countries reeling under debt problems and trying to conserve dollars.

For destination countries, including the Ceribbean, and particularly the UK, the strength of the dollar greatly increased car rental traffic fnr those companies with airport locations or strong tie-ins with tour programmes and airlines. Although welcome, such sudden movements in demand are viewed warily in the rental business because what goes np can quite easily go down.

Optimistic

For the moment everyone is welcoming the boom in U.S. traffic and, naturally enough, claiming tn have won more of it than the competition. Bill Dix, vice-president Europe, Africa and Middle East, for Avis says that "summer 1983 has exceeded our most optimistic forecasts with staff and resources fully stretcbed." Says Hertz: "The overall European market was projected to grow by about 10 per cent in 1983, according to the European Travel Commission, but Hertz has easily surpassed this figure in every country."

In most fields of rental, including cars, there has been some rationalisation of rates or e reduction of whet the marketing people are these days apt to call "disorderly marketing." This appears to be dne to the fact that constant discounting has its eventual impact on overall margins; once the bottom line suffers then tha Board starts to take notice. But if the rental companies are to be believed lt is due to the fact that customers began to realise that constant price reductions also produced an eventnal rednction in service. Too many things going wrong meant that large corporate customers were eventually convinced it was worth paying a realistic rate.

There is no disguising the fact, however, that while rates may be a bit harder than they were and that the industry is doing better than it was, everyone from earth-moving renters to caravan hire companies would like to see a greater rise in business confidence and basic business traffic. "Things are a little busier but lt is bardly a boom," say the rental companies generally. Most of them ere healthier simply because they have adjusted to smaller fleets, fewer locations, trimmer menagement structures and tighter controls. There is not mucb fat left.

It is worth remembering just how big a shock the rental industry had in 1979. Budget, with its car and truck rental business, talks shudderingly of a year which saw an election (in Britain, still the biggest rental market outside the U.S. for most companies), queues for petrol, a rise in VAT, a rise in interest rates, the world's DC-10 fleet grounded with a buge resultant impect on tourism and the cutting of new vehicle prices.

It has taken the business the past four years to recover fully and adjust to the new market environment.

The relationship between new prices and second-hand values is crucial to all forms of rental. A theoretical price differential is built into rental rates and although the periods of time may vary enormously (e small car may be held for only a few months, a large piece of civil engineering equipment for some years), in the end the customer pays for that differential. What has happened in the past three or four years is that in most rental markets, from aircraft to bicycles, there bas been a glut of supply and thns a weakening of second-hand values.

This problem could be handled if it could be predicted on an annnal basls at least. It has, bowever, been accentuated by price-cutting by manufacturers trying to clear stock. Thus rental companies were caught with goods which had been bought at e price, and then seen thet price reduced on the open market, a reduction which in turn bed e further impact on second band prices.

The fact that stocks have been redneed and prodnction lines cut back to rational levels has belped considerably this year. There remains, nonetheless, a fear that there may be over-optimism on the pert of some manufacturers at the moment and that glut conditions end price cutting could return to the market next year.

All in all therefore the vehicle rentel business is bappier than it wes but not completely bappy. The revival in business, particularly in Europe, has been largcly leisure led, with even truck rental finding mucb of its recent growth thanks in some measure to personal consumers using equipment for house-moving and other domestic purposes. What the industry would like to see would be a stronger underlying growth of real commercial traffic.

But then vehicle rentel is e blt like farming; the economic climate is never completely right and on the brightest of days clouds can be seen on the boi:zon.

Firming up rates on the big accounts

EVERYONE SEEMS to bave ɔt their act together at the ıme time," says the car rental ıan with a grin. "Don't qnote ıe though, I must not be seen ı be saying anything good ɔout the competition."

It was indeed a remarkable ımment. Car rental in the UK one of the more vitriolic of ades, with everyone normally ger to declare not only their ʼn superiority, but also their vals' inferiority.

In varying terms most peoplə the business are talking of a ming up of rates, not necesrily et the passing trade end the market, but in the heady rld of large accounts — the siness of Britain's top 50 mpanies.

For the past three years some those companies have been le to negotiate cuts in their rental payments since comnies were desperate to keep business. "Now we just ve them goodbye... and it for them to come back," s Hertz about over-aggrese companies.

Margins

Avis agreed. "We will not cut ners to keep, or get, an acınt. You have got to be able deliver on your promises." Service, they claim—along h others in the field—is now ital factor.

The rental companies are obusly opereting this newfound ard for correct margins at a e when the facts of economic are running a little more in ir way. Not only bave the tors mentioned elsewbere in survey (steady interest es and a firming of new and ond-hand car prices) helped also there has been a tenıcy to trade up by many busis users.

There bas been a reaction inst the "price is everything" ɔry that is reflected not only a returning preference for ger cars, but also in tha proratinn recently in top end of market services, with Rollsce, Jaguar and Porsche now earing in the car rental ffs as a matter of course.

ot that the price war is over ıplctely. Budget in particular kept that particular pot boilwith a series of advertiseıts aimed specifically at the business user which so aggressively pointed to its claimed price advantage as, in its initial form, to run foul of the advertising authorities. But the adverts are now running again in a modified form.

Budget's re-emergence on to the front stage of the British car rental scene is in itself a demonstration of the way in which the majors are "getting their act together." The company, based as lt is in franchises, was particularly bard hit by the sudden change in marketing conditions in 1979-80.

At the time it was heavily dependent on traditional motor trade outlets. "When faced with problems directors tended to cut back on peripheral activities, and that meant car rentals," says Budget now.

As many of its outlets lost interest, Budget lost market share. Now the company has re-positioned itself in the market. Some 80 per cent of its franchise bolders are from outside the motor trade and by no stretch of the term are running car rental as a side-line. The impact has been electric.

What happened to Budget was perhaps an over-dramatic illustration of what happened to others. Kenning found itself overstretched and overcommitted to a narrow band of car types. It has retrenched, thoroughly revamped lts fleet mix and thus moved into profit.

That profitability could be considerably enhanched by the influx of Nnrth American visitors to the UK in the past year. The surge of traffic from the U.S. and Canada in the summer months came as a very pleasant surprise to the car rental groups and added a considerable amount of icing to the cake.

There is no question, however, that the continned long-term object of the overall marketing effort is the business community. Here is a sector which offers year-round custom and whose needs can be clearly defined. Tbe problem is that once the larger corporate customers have been mopped up then the task is one of dealing with that huge section of the market which is currently quite happily dealt with by operators of relatively small fleets who give excellent service to their local business community.

Europcar Godfrey Davis made this section of the market a particular objective a couple of years ago, and has been aided in the effort to win it with the tie in with British Rail. More recently, however, the battle has sharpened. Swan National has introduced its Executive Getaway Tariff which, it claims, knocks 28 per cent off rates thanks to the elimination of big company frills.

Fragmented

The frills include such services as free delivery and collection and one-way rental. "Competitinn is the name of the game in car rental," says Swan National Managing director Tony Grimshaw. "The market is fragmented into bundreds of small, local, dealers. We bad to look at the best way of marketing Swan National to the small business bouse."

Swan's moves in another field, running package tours via tie-ins with the Ladbroke group and the Minotels chain, are an example of the ways in which the rental groups are increasingly keen to do deals with nther businesses which can attract guaranteed traffic, particularly off-season and at weekends. Airlines, tour operators, Britisb Rail and hotel groups are all the objects of car rental wooing.

Among the biggest recent coups was the signing a month ago of a deal between Avis and the Guild of Business Travel Agents, which claim to handle 70 per cent of the UK's business travel through its members. The deal gives Avis something of an edge in this crucial sector via special training services for agency staff, and special rental rates.

Perhaps that is why Europcar has taken large amounts of space in the travel trade Press over the past week or so to announce that it is offering massive commission bonuses (to a total of 65 per cent on some deals) to travel agents who do sufficient business with the company.

Perhaps all that talk about the firming up of rates and better margins was just talk after all. Perbaps the British car rental business is getting back to its old vitriolic self again.

Arthur Sandles

e requirements of the car rental companies for new cars have an important impact on the anufacturers. Here Freddie Aldous (right), chairman of Swan National signs a £25m contract with John Bagshaw, Vauxhall's director of car marketing

Vehicle Rental

Marketing: seeking right audience

MARKETING and advertising is crucial to the success of car rental companies in the present very competitive market—which is why television screens this year have bombarded us with commercials from most of the rental majors.

The move into television—with budgets running up to £1m apiece, although the rental companies are reluctant to disclose precise figures—has come after many years when the main marketing thrust for car rental was simply the Press and usually the local Press at that.

Hertz led the way into television last year with a series of commercials featuring the Two Ronnies—a combination which it believes successful enough to continue with this year. Both Avis and Swan National have followed into television commercials this year while, regionally, there have been a number of commercials featuring local operators who collectively form the bulk of the UK rental market.

Godfrey Davis Europcar has not joined the other majors on television this year. Its relatively small six-figure advertising budget is handled by Saatchi and Saatchi.

What has prompted the move by the others into television—which, after all, can be a very uneconomic medium if it does not reach the right audience—has been twofold. First has been the need to reinforce the awareness of the business user of the benefits of using a national rental company as opposed to a local operator.

Advertising and sponsorship project the companies in the public eye but to stay competitive they also have to pay close attention to the service provided. Hertz, for example, offers hand control cars for the disabled

Secondly, and more important, has been the need to maximise car usage by seeking to expand weekend rentals.

The move by Hertz into television last year was also part of its overall strategy to change its image in the UK. It may be, as it says, the world's number one car rental company but Hertz's position in the UK puts it among the pack rather than out in front.

Nigel Clark of the Collett Dickenson and Pearce advertising agency, which makes the Hertz commercials, says the aim has been to make Hertz a more approachable company. "Research has shown that Hertz has a rather Teutonic, super-efficient but cold image," he says.

The strategy, therefore, was to use humour to make Hertz more appealing. "Using humour is an effective way of providing customer appeal and acquainting the customer with the product," he adds.

The two Ronnies—Ronnie Barker and Ronnie Corbett—play small comedy sketches along the lines of their successful television programme "Futtocks End." These commercials employ the technique of using no dialogue but rely instead on visual humour, with only a voice-over to put across the Hertz message.

The commercials—the same as last year except for a new one featuring the Ford Sierra rather than the Cortina — have been shown mainly in the South and Scottish television regions and are scheduled around documentaries and News at Ten to attract the most likely car renting viewers.

CDP says that the awareness of Hertz and rental usage goes up sharply after each burst of television commercials—thereby justifying the use of the medium in the short-term as well as looking for long-term image benefits.

Avis, whose advertising slogan is "We try harder," came back into television this year. It was last on our screens in the late 1970s. The company does not reveal its advertising spend, only to say that it remains steady at 2.5 per cent of total revenue (which it also refuses to reveal).

Avis believes that television is now the best medium to advertise the various services it has to offer to help speed the businessman through the rental desks at the major airports. Since this is where it does much of its business renting, the television commercials were only shown in bursts earlier this year in the south and Scottish television areas.

Swan National's television advertising this year, handled by the Advertising Agency Partnership, was aimed at tackling head-on the marketing problem of getting more usage out of vehicle fleets at weekends.

Swan National felt that the reduction in the level of weekend rentals had become a long-term problem, thereby requiring a more fundamental solution than the conventional price-cutting or give-away promotions.

Most rental industry marketing, it felt, sought to influence the customers' choice of rental company rather than to create new markets.

Complication

A further complication was the fact that as weekday usage increases from the business market, so more cars are actually needed to meet this extra demand. Yet it becomes increasingly less cost-effective to increase a vehicle rental fleet for weekday use if those cars are not being made use of at weekends.

The solution adopted by Swan National and other majors has been to encourage use of hire-cars for weekend breaks, offering holiday accommodation at very low rates to encourage a new market (i.e. those without a car but who would like to have a short holiday) to rent a car at weekends.

Swan National's weekend package includes two nights accommodation and breakfast from £21 plus the use, with unlimited mileage, of a 'Y' or 'A' registered car. This price is based on a family of four sharing the car.

Swan National test-marketed this idea in the London area, promoting holidays to four South Coast destinations. Several forms of media were used, including radio, television and the press, as well as making use of the special terms available at the time for Channel Four.

The success of this test encouraged Swan to go national with its campaign. An advertising schedule was booked on all regions, except Ulster, with a mix of ITV and Channel Four. Local phone numbers were used in each commercial for each region, with the responses being collected by a mailing house in Liverpool.

The holiday packages have also been improved by Swan, with the inclusion of selected three and four star hotels from the Ladbrokes and Crest chains. For just £34 each, a party of four can stay for two nights at one of these hotels and with the use of a rental car for the whole weekend.

Mr Tony Grimshaw, managing director of Swan National, says: "We have now achieved the position, through advertising in this market, that people who have taken a Swan National Holiday Break are already making arrangements for their next weekend away."

Hertz and Avis have also been promoting their weekend rates for the private renter, and Hertz also has a deal which includes American holidays with the rental.

Apart from the more obvious television and Press advertising, the rental companies are heavily into sponsorship. Hertz sponsors tennis, rugby, motor racing and athletics as well as numerous small charity events.

Swan National for the past four years has sponsored the team squash championship, the largest event in Europe.

Although all the rental companies are still being coy about their 1984 advertising and marketing plans—waiting to see how the economy and tourist trade is doing by then—it seems likely that competition among the commercials will be just as fierce as the real competition for people to hire cars.

David Churchill

Van and truck sector tied to recovery

THE FORTUNES of the truck and van rental market are still very much tied up with the prospects for an economic recovery in the UK. The slow pull-out from recession so far appears to have given small comfort to the companies in the sector: a more sustained and widespread recovery would be needed to make the truck and van rental market really buoyant.

That being said, there are still some bright spots in the sector, notably the domestic hiring for house removal and some specialist groups those such as pick-up trucks.

Mr John Leigh, Swan National's director of UK operations, believes that the van rental market is "expanding only very slightly." But he has noticed that people are tending to rent slightly heavier vans and to meet this growth in demand Swan has taken on a number of extra 35 cwt Ford Transits.

The van and truck rental market is largely fragmented with a few national names and a host of small operators. The fierce competition for business during the recession has made it very much a small operator's game, since lower overheads usually mean cheaper tariffs.

Consequence

Many in the industry fear that this stiff competition could bring about a situation similar to that of the early 1970s. Then, there was a widespread belief among many users that van rental companies were little better than so-called "cowboy" operators. This had the inevitable consequence that the reputation of all the companies suffered, prompting some to withdraw from active competition in the market.

That cowboy image also did little to allay the longstanding suspicions of companies that resorting to van or truck rental was inefficient and also evidence of bad scheduling by in-house transport departments.

But rising fuel prices in the mid-1970s forced companies to reconsider their whole distribution systems. This enabled van and truck rental companies to promote their cost-effectiveness to users. They point out that by hiring extra vehicles at short notice to cover peak flows of distribution, companies could often cut their permanent fleet of vehicles by 10 per cent or more.

Other advantages of hiring a truck or van include their use in emergencies if a regular fleet vehicle breaks down. In addition, they can be used for carrying experimental cargoes or trying new patterns of delivery.

But commercial truck and van rentals will remain depressed as long as the recession lasts. When companies are working to capacity and producing goods, then the truck and van rental companies do well because rental can take-up the slack which in-house distribution systems cannot meet.

During a recession, however, manufacturers tend to run down stocks and so there are fewer goods to transport. This is particularly crippling for the commercial rentals sector since some trade estimates suggest that commercial rentals form just under half the market, with private users taking up the remainder.

The commercial sector has not only been affected by the fall in demand for goods to be transported, but also by the fact that companies which require new vehicles can now buy them more easily than before. Before the recession, companies that were having to wait for vehicle deliveries often turned to van rental to meet the short-term demand.

Even so, trade reports suggest that the market for second-hand vans is quite buoyant at the moment.

While the commercial sector is still a bit bleak, the movement in the housing market this year has created considerable extra demands for vans, especialy at the weekend.

The market usually extends from small six or eight cwt vans, such as the Ford Escort, through the 18-cwt Transits up to 35 cwt vans such as the Transit with Luton body. There is also a demand for small mini-buses for groups of football fans travelling to away matches and from small groups of holidaymakers.

Although three-tonners can be driven without a heavy goods vehicle licence, most private hirers would probably consider them too big to handle comfortably.

Prices can vary considerably in the market, given the fierce competition. However, Swan National's prices are a useful guide. A Ford Escort van costs £14.50 a day or £323 a month. An 18 cwt Transit is £16.50 a day or £374 a month. The popular 35-cwt model—most often used for house moves—is £25.50 a day or £561 a month. A minibus costs £30 a day of £615 a month.

If the private house-moving sector has provided most of the growth in the van rental market this year, the industry can only wait and hope that 1984 brings the sustained economic recovery that will bring prosperity back to the trade.

David Churchill

Hiring extra vehicles at short notice enables companies to cut their permanent fleets by 10 per cent.

Trailers: demand rises as retail sector improves

DEMAND FOR rented trailars for articulated vehicles has improved considerably in recent months, bringing much-needed relief to a sector of the rental industry which has suffered severely from the low level of manufacturing ontpnt in the UK.

The improvement comes at a time when a seasonal upturn is ganerally experienced, but many companies feel that it is more general in nature than the normal stocking up process which precedes the Christmas period.

During the recession a number of smaller trailer rental companies have gone out of business, while others have reduced the size of their fleets to reduce overheads. There has also been severe pressure on prices, which has contributed to the contraction of the industry.

However, it is significant that companies operating their own transport fleets have also cut back severely, and that improving demand—particularly in the retail sector—is creating the need for rented trailers.

"We were one of the first to feel the effects of recession about two years ago because rented trailers were the first to go, but we have been one of the first sectors to feel the improvement," one operator said.



Rental has enabled operators to try out the new 38-tonne three-axle trailers before making any long-term com mitments about adding them to their fleets

TIP Trailer Rentals of Watford, Britain's largest rental company, has seen a steady increase in demand since the start of the year and is confident this will continue into next year, although this is clearly dependent to some extent on retail demand holding up.

Mr Jim Cleary, TIP's managing director Europe, said that the uncertainty of the UK economic outlook was probably generating rental business, since few companies were confident enough to invest in new trailers.

"In terms of trailer utilisation, we are now getting back to the voluma of business we experienced in 1979, but we are not receiving the rates we enjoyed then," Mr Cleary said, adding that these would increase only when manufacturing industry saw some real improvement.

TIP, owned by the American company Geico, started up in Britain in 1969 and now has a fleet of 1,400 units operating in European countries. The company pursues a policy of offering modern trailors, and has recently sold off a fair number of older ones, but not found it necessary to carry out wholesala disposals.

Mr Cleary said: "Wo believe our customers want new units because they are most cost effective. We need to be able to offor low-profilo tyres and other fuel-saving devices, and at the same time keep up with legislation covering trailers."

TIP's ability to buy trailers in volume and at cheaper prices than the average company is also seen as an advantage since tho reductions can be passed on to the customer. The company buys from a wide range of European manufacturers.

Mr Cleary believes that any company which operates its own fleet of transport should maintain it at a size to meet about 70 per cent of requirements, with the remainder being provided by rented equipment. This means that the ownod or leased vehicles are used to tho full, with rented ones meeting the peaks of demand.

In addition, he points out that renting provides greater flexibility, since the right vehicle for a job may not always be available from the fleet.

The advent of the new 38-tonne, three-axle trailors bad caused some indecision among operators, but rental allowed them the chance of trying it out without any long-term commitment.

York Rentals, a subsidiary of the trailer manufacturing company York Trailers, said that in its experience trailor rental was linked almost identically to the output volumo of manufacturing industry, and for that reason had suffered severely since the start of the recession.

The company has therefore sold off all its surplus trailers, reducing the size of its operations substantially, although it stresses that through its parent it will easily be able to meet any upturn in demand by increasing the fleet again.

This policy is the reverse of that adopted by some rental companies which have allowed the average age of their trailers to grow, enabling them to offer lower rental rates in a highly competitive market.

Eurofleet, a subsidiary of the manufacturer Craven Tasker, has fared better through its higher degree of specialisation than other rental concerns. This policy of roducing its commitment to the markot for flat or skeletal units has allowed the company to concentrate on the higher value curtain sidors, refrigerated units and other special equipmont.

It also has a substantial fleet of bulk tipping equipment for agricultural users, although domand for these has been lower this year than previously, perhaps due to an unusual year when crops were harvested much earlier than usual.

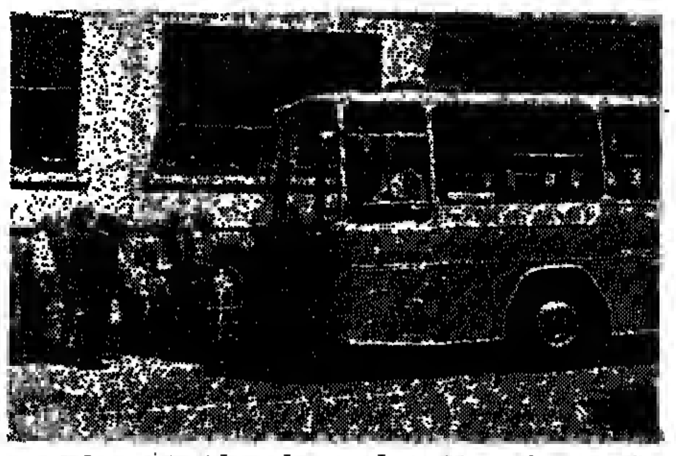
Although Eurofleet has also offered the 38-tonne units, the response bas been slow "due to the lack of any need for any significant increase in capacity at a time when industry is only recovering slowly."

Overall, the slimmed down trailer rental industry is now looking for steady growth in utilisation of its vehicles which will enable them to rebuild their fleots and then move towards better profit margins, although few people in the industry foresee this happoning before next year.

Rentco Nationwide, the rental subsidiary of Crane Freuhauf, also predicted that more fleet operators would come to rental companies rather than purchase new equipment in the present economic climate.

It too has trimmed and changed the balance of its fleet in the past two years, disposing of the less popular types of trailor and buying about 1,000 new ones in the past three years. A further 500 are being purchased this year from its parent company.

Lorne Barling



Travel operators have been under pressure to use very modern coaches, including "super coaches" with bars.

Investment in new coaches

THE COACH HIRE industry in the UK has suffered a bleak two years with the lower levels of tourism putting many smaller operators out of business and pushing rates down to very low levels.

However, the last few months have shown a marked improvement which has also been reflected in a higher volume of coach sales as operators seek to update their fleets, and the used vehicles market has also hardened.

The problems of the industry stem partly from de-regulation of bus and coach operations in the UK in 1980, which contributed to much greater competition at a timo when the markot was beginning to contract. However, it bas also had some benefit in stimulating greater public use of buses and coaches.

Travel agencies and coach operators have at the same tima been under pressure to use more modern coaches, and even the new generation of "super coaches" with bars and many other facilities, particularly in view of their wider use on the Continent.

Companies hiring out coaches have therefore been obliged to invest in new coaches, often more heavily than they would like, with the result that competition among them for new business has been severe.

Arlingtons, a main dealer for Vauxhall and Leyland buses and coaches, reports a strong increase in recent demand for its vehicles, with a high proportion of customers using its finance subsidiary (Arlington Motor Finance) to acquire vehicles through leasing or contract hire.

Demand from major bus operators such as National Bus bas also increased, with a lower proportion of sales being financed through leasing arrangements.

One of the most important reasons for the improvement in sales is the resurgence of the tourist industry, particularly in the London area, where the volume of arrivals from the United States is said to be increasing steadily.

A recent exhibition of new coaches at Syon Park, West London, attracted large numbers of trado visitors, and strong interest was shown in the more expensive vehicles. However, two of the UK's major coachbuilders, Claxtons of Scarborough and Duple of Blackpool, have experienced a considerable fall in output over the past two years, which is only now beginning to improve.

Another problem which has had to be faced by companies which hire out coaches is the increase in wages which has resulted from the introduction of tachographs, and soma report an increase in drivers' earnings of nearly 30 per cent.

According to Mr Simon Newman of Armchair Passenger Transport, a leading coach company in the south-east, the replacement cost of coaches has now risen so steeply that many companies are not able to do so on existing revenues. Those that do find it difficult to charge enough for their hire to cover the cost of repayments.

"The troubla is that there are a lot of small concerns which have been going for a long time, sitting on property which is not properly charged in their overheads, who can hire out coaches at unrealistic rates, which is depressing the market," Mr Newman said.

Although Armchair Passenger Transport derives about 75 per cent of its business from incoming tourists, it is doing an increasing amount of work with the operators of Continental tours. "Tha Continental holiday market is now very big, with increasing public awareness that they are good valne for money," Mr Newman added.

The outlook for coach hire in the short term therefore appears to be better than for some time, but until tho volume of business increases sufficiontly to allow hire companies to increase their rates, profitability is unlikely to improve very greatly.

Road building

Another specialist area of vehicle hire, heavy earth-moving equipment, has been hit so badly by the low level of civil engineering and road building work in Britain that it bas contracted to perhaps less than half its size in the early 1970s.

The major construction companies involved in work of this kind have traditionally maintained fleets of their own, topping up where necessary with hired equipment. However, the fall in workload has meant that many companies found their own fleets more than large enough, and some started hiring out themselves.

But the lack of work became so serious that disposals followed, with a high proportion of heavy earth-moving machinery being sold at attractive prices to developing countries, particularly in the Middle East and Africa where construction projects demanded them.

In Britain, roadbuilding, gas pipelines and the occasional power station are the main works which reguire equipment of this kind, but they have declined ranidly in volume since the 1960s and demand for hesvy construction equipment has fallen accordingly.

According to a major construction company, the margins on hiring this type of equipment became so low that it was more attractive to sell in foreign markets.

Lorne Barling

UK COMPANY NEWS

Glaxo profits jump by 44%

A RISE in second-half profits from £76.85m last time to £106.1m produced a 44 per cent increase in full-year pre-tax figures of Glaxo Holdings, the pharmaceuticals, feods, surgical and hospital equipment group.

Taxable profits fer the 12 months ended June 30, 1983 advanced from £133.6m to a record £192.4m, while external sales rose 18.7 per cent to £1.03bn, compared with £865.8m.

The board estimates, bowever, that the effect ef exchange rate movements, compared with rates ruling at June 30, 1982, was to increase the sterling value of sales hy £14m and profits before tax by £17m.

Most of the group's major markets, especially those overseas, and most of its pharmaceutical products—particularly ranitidine (Zantac)—contributed to the higher sales and profits.

The year's dividend is effectively being lifted from 7p to 9p net per 50p share, with an increased final of 6.25p (adjusted 4.75p). Earnings per share climbed from 23.4p to 31.5p.

Trading profits jumped 41 per cent from £126.2m to £178.2m. Pre-tax results included an increase in associates' contributions from £6.4m to £9.8m, while investment income, less interest payable, added £4.4m, against £1m.

The tax charge was up by £23m to £75.2m leaving a net balance of £117.2m, compared with £81.4m. After deducting minority interests of £1.8m, against £1m, evaileble profits increased hy £35m to £115.4m.

Group sales, excluding wholesaling, were ahead from £662.9m to £779.2m. Sales in the UK were £15m higher at £173m, while overseas sales climbed hy £101m to £606m.

See Lex

Britannia Arrow £21.8m rights and payments boost

A RIGHTS issue to raise £21.8m net is proposed by Britannia Arrow Holdings, an international investment managemeot company. The issue is on e ene fer four basis at 75p per share and invelves 30.41m shares.

The company is forecasting a final dividend for 1983 of 1.2p net making a total dividend for the year of 2.2p net—an increase of 29.4 per cent.

The group has been steadily expanding its eperations over the past two years both in the UK and the U.S., covering privete investment management through unit trusts and mutual funds and institutional investment.

This year Britannia ecquired tho Boston-based Gardner and Preston Moss for US$7m in cash (£5m) and then ecquired the UK conventional life company NEL for £19.8m, of which £13m came from borrowings. This fellowed acquisitions last year of General and Commercial Investment Trust for shares, tho proceeds of the disposal of the portfolio being used to acquire Financial Programs, of Denver for US$9m cash.

These transactions have left Britannia in a heavily geared situation with total borrowing of £24.5m. The fresh capital is being raised partly te reduce borrowings, to pay the second ef three tranches for tho purchase of Gardner and Preston Moss and to inject capital into NEL to finance further expansion of that company.

Britannie currently has £1.3bn of funds under management in the UK, split roughly half in unit trusts and half in institutional investment. In the U.S. funds under management amount to U.S.$2.8bn of which $1.8bn is institutional funds through Gardner and Presten Moss and $1m in mutual funds through Financial Programs.

Mr Stuart Goldsmith, managing director of Britannia, stated that investment management companies had to expand in order te compete effectively and the expanded capital base would enahle the group to consider further majer acquisitiens.

In the UK there were possibilities of broadening tho life assurance involvement alongside NEL and of acquiring a stockbroker once the rules were changed. In the U.S., the group would be seeking acquisitions that would integrato inte its present operations.

There bas been considerable huying of the company's shares in recent weeks leading to bid rumours. But the price dropped 10p to 83p yesterday yielding 3.8 per cent gross en tho forecast dividend.

See Lex

Montfort £1m in the red at six months

AFTER changing an exceptional stock provision of £775,000 pre-tax losses ef Montfort (Knitting Mills) went up from £267,000 to £1m in tho six months onded June 24, 1983 and furthor non-recurring costs will occur in tho second half.

Tha now directors of the company which recently became a subsidiary of Palma Textilos Group—say the results are disappointing and reflect difficult market conditions. Thoy are currently instigating measures to improvo the situation hut it is too early to assess how this will affect the full year result.

However, following this re-organisation it is hoped that improved trading results will ho echieved.

First half turnover declined from £5.23m to £4.18m—tho group manufactures bosiery, knitwear and underwear. Loss per 25p share emerged at 33.3p (8.8p).

W. E. Norton deficit increases to £783,000

PRE-TAX losses of W. E. Norton (Holdings), the machine tools and security services concern, increased from £457,000 to £783,000 for the year ended March 31, 1983. At halfway, tho deficit bad risen from £252,000 to £285,000.

Turnover for tho 12 months declined from £8.35m to £6.9m. Interest payahlo was lower at £177,000 (£288,000) and tax toek £4,000 (£15,000) leaving net losses of £787,000, against £472,000.

There was also an extraordinary debit of £1.05m this time, being a £716,000 loss en the sale of tho small tools division and £336,000 goodwill written off. In 1981-82, there was e £46,000 extraordinary credit.

Loss per share, before extraordinary items, was 3.88p (2.54p) basic, or 2.15p (1.27p) fully diluted. There is again ne erdinary or preference dividends for the year.

Since the year end, the small tools division has been disposed of, releasing mnch needed cash and thereby reducing borrowings. At tho same time, the company raised approximately £600,000 by way ef a subscription and rights issue of new erdinary shares thus securing its future, the directors state.

Tho company has continued to operate its machine tool activities, although en e mnch reduced scale.

Norton has entered into e franchising agreement for the salo of its products hy another machine tool distributor in order to reduce administratien end selling expenses.

Tho board is explering ways ef ensuring that the remaining machine tool activities do net provo e continuing burden on cash flow er profit and loss account.

Edinburgh Fund Managers planning to join USM

ONE OF the Scottish investment houses specialising in Japanese stocks is planning to join the unlisted Securities Market within tho next week.

Edinburgh Fund Managers, has arranged te place 12½ per cent of its equity through bankers Neblo Grossart and London hrokers Phillips and Drew. This is likely to value the company at around £11m.

The placing follews en tho heels ef Ivory and Sime which eetered the market with e full listing recently. However Edinhurgh Fund Managers has more similarities with London's Framlington which has recently jeined the USM rathor than its big Scottish cousin in that Edinburgh and Framlington both have a strong unit trust element.

Edinburgh Fund Managors has £431m of funds under investment including £164m of unit trusts. Some 44 per cent of assets are in Japanese funds.

Edinburgh was spun eut of Amorican Trust as a separate vehicle in 1969. American Trust will retain e 54 per cent stake after the placing. When It was split off from its parent it bed funds under management of enly £33m.

The enly person selling shares in the issue is Mr Alan McInroy, one of the founding shareheldors who is duo to retire in 1985. Part ef his 12½ per cent helding is going to an existing investor so after the plecing the share ownership will be split 54 per cent with American Trust, 10 per cent with Life Association ef Scotland, 25 per cent with the executive and only 10 per cent with the public.

Profits have risen from £204,000 to £812,000 in the last five years and are forecast to reach £1.6m for the year ended January 31, 1984. Half year profits reached £893,000.

Bardsey cuts losses to £80,000 midterm

A SHARP reduction in losses, before tax, from £287,000 to £80,000, has been shown by Bardsey for the first half of 1983. The directers predict the benefits from the retionalisation programme will begin to be seen, with an improvement in financial results.

In the last full year pre-tax losses ef this property, furniture, hand tools and marine fittings group amounted te £250,000 (profits £842,000).

Fixed borrowings during the first half, and since the end of the half year, have been rednced hy more than £1m. Half year interest costs fell from £520,000 to £428,000.

The directors say that the period ef intensive re-organisation is complete and tho high lovel ef related extraordinary debits—ahead from £72,000 to £174,000 shown fer tho half year, and in 1982, will reduce eccordingly.

Turnover expended from £17.09m to £18.05m. Pre-tax losses were struck after depreciation and amortisatien of £219,000 (£265,000). Tax took £82,000 (£6,000) and minorities ameunted to £2,000 (credits £17,000). Losses per 10p share are down from 1.5p to 1.1p.

F. Miller (Textiles)

A modest increase in pre-tax profits, up from £1.03m to £1.04m, is reported by F. Miller (Textiles), clothing manufacturer, for the six menths to August 13, 1983. Turnever alse rose from £4.05m to £4.17m. Trading profits fell, bewevor, from £903,414 te £881,034. The pre-tax figure was after higher interest charges ef £163,901 compared with £125,914. Tax took £523,015 against £489,204.

After preference dividends of £39,600 (samo), ettributable profits were £482,320 (£490,524). The interim dividend is effectively raised from an adjusted 0.55p to 0.6p net and absorbs £172,800 (£158,400). Last year's tetal payment was equivalent te 1.35p from profits ef £2.44m.

Eucalyptus Pulp

Trading profits ef Eucalyptus Pulp Mills slumped from £1.18m te £6,000 in the first half of 1983. After similar provisions of £1.09m for unrealised external exchange losses, the company made a pre-tax loss of £1.09m, against £89,000 profits. Turnover rose slightly from £7.88m to £8m.

Second-half results, however, are expected to be substantially better than the first, although further provisions for adverse exchango movements are foreseen.

Strengthening selling prices, together with the rise in the value of the U.S. dollar against the escudo, sheuld have a favourable effect on results.

Share information

The following securities havo been added to the share Information Service:

Central Kalgoorlie Gold Mines N.L. (Section: Mines—Australian.)

DPCE Holdings (Industrials).

Exeter Building & Construction Group (Building).

Invent Energy Holdings (Oil and Gas).

Southern Goldfields Ltd. (Mines—Australian).

Sunleigh Electronics (Electricals).

Baillie Gifford

Baillie Gifferd and Co, fund manager in Edinburgh, has been appeinted as investment adviser to e pooled equity fund set up by the Republic Bank of Dallas. The fund is for U.S. pension funds and will invest in international equities outside the U.S.

Abingworth's net assets at £69m

THE NET asset value of Abingworth, high technology venture capital investment company, was £69m at June 30 1983, or 340p per share, compared with £35.2m er 318p per share at December 31 1982. This year's figure included £11.3m raised in the public issue. At September 30 net assets value per share was 310p.

The directors say the net asset value is the principal yardstick by which they measure the group's progress, and its primary objective is to generate capital growth. As stated in the prospectus, Abingworth will not declare e dividend in respect of the six months to June 30 1983.

In the future, hewever, it will be its policy, as an euthorised investment trust, to distribute substantially all its net income by way of dividends. The company has been conducting its husiness since July 1 so as to qualify as an anthorised investment trust for tax purposes.

The company's initial figures since gaining e full Stock Exchange listing, show pre-tax profits of £295,000 for the first six menths of 1983. For the whole of 1982, the figure was £584,000.

First half income was £633,000 (£1.09m for 1982), being fixed asset investment £152,000 (£302,000), curreot asset investments £39,000 (£57,000) end other interest receivable and similar income, £441,000 (£722,000).

Administratien expenses totalled £338,000 (£501,000). Tax was £137,000 (£166,000), and earnings per share were 0.9p (2.6p).

During the half year, six new investments were made in the U.S. at a tetal cost ef $3.16m, and three new investments were made in the UK et e cost of £750,000. Additions were alse made te a number of existing holdings.

A number of disposals were also made, the proceeds of which, amounting to £1.19m, produced a gain ef £436,599 ever tbo eriginal cost.

● comment

Fer e venture capitalist everything depends on tho realisable value of long-term investments, so any assessment ef Abingworth's true potential is reduced te e matter of judgment a those "properties" already in pipeline. For an outsider th extremely difficult but a measure (albeit a very ro ene) is the company's recor date. This can be judged on levels — the performance investments mado so far using the City principle lemons ripen first, the comp failure rate. On both cou Abingworth's record is imp sive. Since 1974 its own inv ments totelling ebout £6m grown to around £69m — only three ef the 96 individ companies it has staked taken the proverbial dive. If thing, the only question hanging ever Abingworth's p follo of meny high-tech ventures is the company's in Apple, whose shares h halved in value since June 283p, up 7p, Abingworth capitalised at £58m, a discount about 5 per cent on the is price.

BOARD MEETINGS

The following companies have dates of board meetings to the Exchange. Such meetings are held for the purpose of cons dividends. Official indications available as to whether the div are interims or finals and the divisions shown below are mainly on last year's timetable.

TODAY

Interims—Altifund, Bowthorpe, Enfield Properties, Electronic Ma Energy Services and Electronics, land Marts, Senior Engineering, Ward White, Waterford Glass.

Finals—Anvil Petroleum, Gu Property, London and Strathclyde

FUTURE DATES

Interims—

Bank of Ireland

Barr and Wallace Arnold Trust

Edith

Firmin

Lawrence (Walter)

Moss (Robert)

Portsmth and Sundrlnd Newspa

Prince of Wales Hotel

Salmcourt

Shires Investment

Sound Diffusion

Thurgar Bardex

Upton (E.)

Whittington Engineering

Witan Investment

Finals—

Armour Trust

British Empire Secs and Gen Tst

Castle (G.B.)

Lucas Industries

Martin (R.P.)

M. P. Kent finishes £3.28m lower but holds dividend

THE POLICY of retaining selected property develepments for investment income depressed sales and pre-tax profits of M. P. Kent, the Bath-based property development group, by £13.78m and £3.28m respectively for the 12 menths onding June 30 1983.

It was predicted that sales and profits would fall as a result of the policy hut the directers said there would be compensatiens by the build up of more consistent quality rental incomo and longer term capital growth and a more rapid build up ef shareholders' funds through completed property valuatien surpluses.

Following a £1.92m downturn to £740,000 at the midway stage taxablo profits fer the year fell to £1.27m on sales of £7.54m.

A same-again final dividend of 0.9p maintains the not total at 1.26p per 10p share. Earnings emerged at 2.9p (9.4p). There was a lower tax chargo of £43,000 (£504,000).

Mr M. P. Kent, the chairman says shareholders' funds n approach £31m with maintain strong liquidity and low oper ing overheads.

He adds that tenant dema is improving for the grou completed property develo ments and projected schem mainly in prime shopping, a receiving a good lovel of inqui

Imtec for USM

Imtec Group, claimed to Britain's largest producer an exporter of microfilm equipmen is planning te make its debut o tho Unlisted Securities Mark next week. The company likely te be capitalised aroun £10m.

Profits in the year to March 3 1983 were £791,000 on sales o £9.4m. Brokors te the issue a Savery Milln.

DIVIDENDS ANNOUNCED

	Current payment	Date ef payment	Corresponding div.	Total for year	Total last year
Aberdeen Land	10.25	Nov 11	9.11*	14.6	12.9*
Alva Investment ... int.	3.5	—	4.9	—	10.6
Fothergill & Harvey int.	2.75	Dec 5	2.75	—	6
Glaxo	6.25	Jan 3	4.75*	9	7*
M. P. Kent	0.9	—	0.9	1.26	1.26
S. Lyles	4.25	Jan 3	3.75	6.75	6.25
Minster Assets ... int.	1.8	Dec 30	1.7	—	4.7

Dividends shown penco per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock

BIDS AND DEALS

Matt. Brown to take control of Theakston

Matthew Brown, the Lancashire brewing group, announced yesterday that il had completed negotiations to purchase a majority stake in Yorkshire brewer **T. & R. Theakston**, a privately owned company.

Mr Paul Theakston, chairman, and nther shareholders who together control a majority of Theakston shares, have agreed to the deal.

Full details of the bid have yet to be revealed due to problems at Theakston over unspecified pre-emptive rights of the shareholders. And as yet the deal is ronditional on those problems being surmounted.

Theakston bas assets of approximately £2.4m and operates in North Yorkshire and Cumbria.

In the year ended October 1982 Matthew Brown made pre-tax profits of £5.8m on turnover of £34.3m. Yesterday its shares closed 2p down at 222p.

Habitat/Richard

The purchase of **Richard Shops** from **Hanson Trust** was completed on October 7.

The purchase was made by a new company named Richard Shops Holdings, and, as previously announced, the consideratioo was £56.5m cash.

The management of Richard Shops owns approximately 4.3 per cent of the shares in Richard Shops, and Habitat Mothercare and Morgan Grenfell and Company own the balance in equal proportions. The cost of the acquisition of shares by Habitat Mothercare was approximately £75,000.

Habitat Mothercare and Morgan Grenfell have each lent £15m to Richard Shops Holdings. The purchase consideration was made up of this cash together with a facility provided to Richard Shops Holdings by Midland Bank.

Richard Shops Holdings has thus become ao associate o Habitat Mothercare.

Linread

Linread has agreed to sell its wholly-owned subsidiary Linread (Deutschland) GMBH for DM 5.5m (£1.41m). Purchaser is Mr Albert Pasvahl, minority shareholder in Albert Pasvahl CMBH and Co, in which Linread (Deutschland) holds a 75 per cent stake.

The sale will enable Linread to further reduce its borrowings and continue its programme ol restoring profitability.

Hanson has 9% of London Brick—no immediate bid

Hanson Trust confirmed market expectations yesterday when it disclosed a 9.41 per cent holding in London Brick, the monopoly supplier of fletton bricks in the UK. Hanson then dashed prospects of an immediale full bid when it announced that the stake should be regarded as an investment.

In a formal letter to Mr Jeremy Rowe, his opposite number at the brick manufacturer, Lord Hanson, chairman of Hanson Trust, said that he did not want to exclude the possibility that Hanson might add to its holding in the future, but had no plans at present to look on it other than as an investment.

London Brick has no donbt that the chance of a full bid at some point in the future is still very much a live issue. Mr John Pattison, a director of Hanson, added "it would be naive to suggest that we do not have in the back of our minds the possibility we could be interested in going further."

Hanson acquired a first small stake in London Brick during the Monopolies Commission investigation of London Brick's proposed takeover of Ibstock Johnsen, a leading manufacturer of quality facing bricks.

That initial holding was seen very much as a two-way bet. The London Brick share price, depressed by the prospect of a renewed bid for Ibstock, would recover strongly if, for some reason, the Commission found against a merger or, as eventually happened, the two sides failed to reach a revised agrement. Alternatively, Hanson would bave been in a position to influence any merger and, possibly, launch a bid for London Brick at that point.

Hansoo last week raised about £160m from the sale of several parts of the UDS Group it acquired last spring but the timing of the purchase last Tuesday of 7m London Brick shares, almost 5 per cent, was "absolutely coincidantal." The block of shares which came on nffer "happaned to be a specific possibility."

A defensive merger, instigated by London Brick, has beeo mnch rumoured, but the group indicaled yesterday that such a tactic would have been already adopted, had it been seriously rontemplated, when Hanson's initial stake was first ideotified. All the same, London Brick was slightly surprised yesterday that Hanson has not built its bolding further.

The London Brick share price dropped 3½p on balance to 98½p baving touched 106p earlier in the day.

Lex expands with Munich deals

BY CHARLES BATCHELOR

IN A further expansion of its electronic romponents distribution business, Lex Service, the vehicle dealer and transport group, has paid £3.6m for two German companies.

It has paid DM 14.25m — of which 10 per cent has been retained againsl warranties — for the capital and business of Sasco GmbH and Panel GmbH, two privately-owned Munich-based companies which have the same management. The two main shareholders, who also comprise the senior management, Mr Erich Roderer and Mr Klaus Behling, have signed three-year service contracts.

Sasco and Panel represent 17 makers of semi-conductors, passive components and connectors, including Motorola, National Semi-conductor, Hewlett-Packard, ITT and Union Carbide.

Unaudited management accounts for the eight months ended August 31 1983 for both companies showed pre-tax profit of DM 1.4m (£350,000). Lex expects profit for the full year ending January 1 1984 to be no less than DM 2m.

The companies made a profit of DM 1.2m on turnover of DM 29.4m in 1982. Net tangible assets were DM 1.9m at December 31 1982 with net borrowings of DM 3.1m.

West Germany is the largest electronics eomponents market in Europe with estimated 1983 sales of DM 9.4bn, Lex said. This represents 35 per cent of European sales rompared with 19 per cent in the UK.

Lex moved into electronic components distribution in 1981 when it bought Schweber Electronics in the U.S. and followed this with the purchase of Jermyn Holdings.

Sasco and Panel add franchises for passive components and connectors to Jermyn's semi-conductor franchises, and add locations in Nuremberg, Frankfurt and Hanover to those Jermyn already has in Munich, Stuttgart and Dusseldorf.

Staveley buys Allstar in W. Germany for £1.5m

Staveley Industries, international engineering and salt products group, has made its first move into Wesl Germany with the purchase of Allstar GmbH, which designs and markets houseware products, for up to £1.5m.

The British company will pay £1m initially with up to £500,000 to follow depending on performance. Allstar has turnover of about £2m and employs 15 people lo Frankfurt. Its main products are a patented brush attachment for vacuum cleaners, bousehold brushes and picnic ware. It does no manufacturing of its own but has a minority holding in a plastics company. Allstar exports about half its turnover.

Mr Brian Kent, chief executive of Staveley, said: "This is part of our strategy to develop our businesses closer to the consumer. It is a long step from machine tools to bouseware products."

As part of this strategy Staveley is on the point of signing a contract to distribute the products of Decor, an Australian bouseware group, in Western Europe.

Staveley makes bathroom and kitchen scales under the Salter name

Oceonics in fibre optics acquisition worth £2m

Oceonics, the marine electronics group which two months ago graduated from the USM to a full listing, is acquiring **Systems Prodnction Holdings**, a private company manufacturing for the defence industry, in a deal worth £2m.

Recently, Oceooics had a rights issue to raise £8m. Mr Bob Aird, fouoder chairman, said then that the company was looking to expand through acquisition. He aimed to reduce dependence on the oil and gas exploration business, and was looking in particular at the communications sector.

Systems Production makes fibre optics for the defeoce and security industries. Oceonics says the purchase will increase its exposure to defence business, and will augment its involvement in advanced secure rommunications. Systems Production will in due course extend the applications of its technology to the offshore indnstries in sucb areas as seabed oil well rontrol.

Oceonics will pay £1m in casb and satisfy the second £1m by issuing 305,000 shares at 330p each.

Irish Oil and Cake

The shares of **Irish Oil and Cake Mills**, the Drogheda, Louth-based group, were suspended on the London Stock Exchange yesterday at 12p at the company's request pending an anoouncemeot.

In August the rompany said trading conditions were still difficult, mainly because of the weakness of the Irish punt against the U.S. dollar. The recession of the Irish economy showed little sign of weakening and rompetitive pressure was still strong, il said.

IOCM made a pre-tax profil of I£58,000 on turnover I£20.8m lo the year ended March 31 1983 against a loss of I£34,000 on turnover of I£18m the year before.

The suspension price values the company at £480,000.

BICC offshoot is bought-out

BICC, the contracting aod cables group, has sold **Telcon Metals**, a Crawley, Sussex-based metal making subsidiary, to its management. Telcon bas assets of about £4.5m but the value of the buy-out was not disclosed.

Telcon is emerging from a period of losses. It is now making profits on a monthly basis but expects to remain in the red for 1983 as a whole.

It has turnover of £8m and employs 280 people, making soft magnetic alloys, beryllium copper and bimetals in semi-manufactured form.

The buy-out is headed by Mr Richard Reeves, aged 53, the chairman aod managiog director who joined Telcon last January with the aim of reviving the company's fortunes. He was previously director of strategic planning at BICC General Cables at Prescot, oo Merseyside.

"A month after I came down here lo turn the company round BICC mentioned the possibility of a buy-out," he said. "They don't see metal producing as being in the mainstream of their business.

"Il bas been my objective to move away from primary metal alloys to downstream products, such as high performance transformers and chokes, whicb are less sensitive to the fluctuations of the economy.

"I would be looking for a public quotation in a few years' time. It is a big eoough company."

Mr Reeves and five other directors will have a 90 per cent stake in the rompany with the rest held by County Bank, which is providing long-term financing.

Sunlight wins strong support for £24m bid

Sunlight Services Group yesterday won overwhelming support from its shareholders to pursue its £24m offer for **Spring Grove**, the linen hire company, in the face of the rounter offer from **Pritchard Services** which bas already attracted the support of 50.5 per cent of Spring Grove shareholders.

At an extraordinary meeting of Sunlight's own shareholders, 98.6 per cent of proxies received by Sunlight pledged support for the £24m bid which reaches its first closing date on Friday, October 14.

Sunlight said thal il bad noted the decision taken by the Full Takeover Panel last week not to require Pritchard in set aside the undertakings in respect of 14.1 per cent of Spring Grove from certain institutional shareholders. But Sunlight, which is itself subject to a £31m offer from Brengreen, the cleaning group, is still attempting to prise open Pritchard's apparent stranglehold on Spring Grove.

As Sunlight understands the position—and it says that its accusations have been tacitly admitted — the institutions accepting Pritchard in respect of 14.1 per cent of Spring Grove had been given to understand that Suolight's bid was the more likely to be referred by the Office of Fair Trading to the Monopolies Commission for examinalion.

So, while Sunlight has bowed to the Full Paoel ruling in respect of the City Code, it confirmed that the Panel's decision "does not exbaust the other remedies which it is pursuing."

Airsprung

Airsprung Group has purchased 80 per cent of the undertaking of F and M Ducker of Rotherham, for £860,000 in cash.

The net assets at March 31 1983 were some £782,000.

Norcros urges UBM holders to accept bid

By Ray Maughan

Norcros, the diversified holding company bidding £75m for **UBM Group**, has written to shareholders in the builders' merchant urging acceptance before the final offer deadline on October 19.

The central point of the letter is a critique of UBM's forecast for the year to January which says that profits will recover from £2.6m to £10m. That forecast, Norcros claimed, failed to impress the stock market when it was eventually published. The ensuing fall in the UBM share price enabled the bidder to buy substantial quantities of shares in the market.

Norcros said it believed the UBM Pension Fund had disposed of its 100,000 stake in the builders' merchant because it had "disappeared from the UBM share register."

This claim was repudiated by UBM's financial advisers, S. G. Warburg, who said that the Pension Fund holding was now simply registered in a nominee account—S. J. Nominees.

Norcros went on to claim that UBM bad missed out on the buoyant trading conditions enjoyed by "its more successful rompetitors."

As a result, Norcros said, the recovery forecast is "mainly due to the short term boost arising from long overdue rationalisation measures. Growth in turnover was disappointing in the first six months of 1983/84 and UBM complains of only a 'modest' improvement

The bidder points out that UBM's U.S. interests have shown a 47 per cent decline in trading profits and asks whether its target has solved its fundamental longstanding problems in the home market.

As Norcros sees them, these are the motivation of performance at branch level, reconciliation of the divergent requirements of retail and trade customers and the improvement of its unsatisfactory trading margins.

Evered raises Hawkins offer

Evered, Midland-based group specialising in non-ferrous strip for the electronics and communications industries, has raised its offer for loss-making Sussex rope maker, **Hawkins and Tipson**, from 35p a share to 44p a share —valuing the company at about £3.8m.

Hawkins said yesterday that it was discussing the offer with its advisers. Meanwhile the directors urge holders not to dispose of their shares or respond to any documents from Evered.

Evered's initial offer made late in August was close to lapsing after an extension in September. The company's financial advisers, merchant bank Samuel Montagu, said yesterday that the new offer will last for 14 days. It will not be extended and will not be increased.

The improved bid was triggered on Friday night when Evered bought a 2 per cent stake in the company for 44p a share. This raised Evered's total stake to 32 per cent. It has received acceptances of its new offer amounting to a further 1 per cent.

Evered was taken over in April 1981 by local businessman Raschid Abdullah, with his brother Osman and Mr Sandy Saunders.

Since then the company bas been transformed from losses lo a point where in the first balf of this year it earned £350,000 before tax, on a turnover of £5.6m.

In May 1981 it bought the insolvent Bristol Dyecasting which is also now making profits. Evered has been building up its stake in Hawkins and Tipson since January this year. In that time the share price has risen from 25p to a closing price on Friday of 43p.

In the year to the end of August last year Hawkins made a loss before tax of £700,000. However, chairman Mr Alan Barrett said three weeks ago in bis defence document resisting the Evered bid that the company expects profits to the end of August this year of £69,000. The significant plank in his defence has been that the company's net asset value is about £5.7m—or 68p per share.

Lawtex swings back into the black

IN A YEAR in which it successfully completed a series of radical changes to significantly reduce operating costs and increase efficiency, Lawtex has swung back into profit.

In the 53 weeks to July 2, 1983, pre-tax profits were £42,827 against losses of £556,682. This is after depreciation up from £149,419 to £159,170 and interest charges down from £361,683 to £315,611. At halfway, the losses were £69,000.

Attributable losses to shareholders at the year-end were £410,961 (£556,682). This was after an extraordinary debit of £453,788 this time, being reorganisation expenditure. Earnings per 25p share were 2.14p against losses of 27.8p.

Despite the improved figures, the directors feel that payment of preference and ordinary dividends would, at this stage, be inappropriate. No dividends were paid for the previous 52-week period.

Turnover of this Oldham-based manufacturer of clothing, umbrellas and allied products, advanced from £16.59m to £17.5m.

The board is confident that the current year will see the group making further progress towards a return to satisfactory profitability.

Minster Assets rises to £4.85m

TAXABLE PROFITS of Minster Assets improved from £4.59m to £4.85m in the first half of 1983 and the directors of this financial holding company say the overall results are broadly in line with expectations.

However, in view of fiercely competitive conditions in the insurance market in which the group operates, they say it seems unlikely that results for the second half will match those for the corresponding period of 1982.

Last year, total pre-tax profits were up from £10.09m to £11.65m, of which £7.06m accrued in the second six months.

Mid-year tax charge rose from £2.29m to £2.51m, leaving net profits marginally ahead at £2.34m, against £2.31m, before deducting minorities of £704,000.

Earnings per 25p share were down from an adjusted 4.52p to 3.81p (but the interim dividend is stepped up from 1.7p to 1.8p net—last year's final was 3p.

Minster Insurance investment income increased from £7.87m to £8.65m, but underwriting losses and expenses took £4.99m (£4.3m) leaving a balance of £3.66m, compared with £3.56m.

Lloyd's underwriting agencies profits fell by £30,000 to £461,000 and the insurance broking contribution dropped to £592,000 (£645,000).

● comment

Minster Assets has come in with some disappointing results for the first half. But there are two points to consider when looking at the company. First, the insurance side has performed worse than expected. Motor insurance, the mainstay of the insurance side, which made a slight underwriting profit at the interim stage last year has slipped into the red this year. Here also, competition for new business is fierce and is keeping rates down. But the real problem is the UK fire and accident business where underwriting losses are worse compared with last year—reflecting yet another increase in thefts from inner city areas and Minster's long term future in this area must be in doubt. The second point is that for the next few months the share price will be affected far more by any information about the group's stake in a North Sea block where drilling is progressing, than by the mainstream insurance activities. For the full year pre-tax profits should match last year's figure of £11.6m. The gloomy statement from the company has helped push down the share price 8p yesterday to 90p.

S. Lyles boosts profit and raises dividend

IN THE second half of the year ended June 30 1983, turnover at S. Lyles, the carpet yarn spinner and dyer, was a record, while profit margins showed a "small increase." The current year has started on a promising note.

For the 1982-83 year, turnover rose from £11.13m to £14.13m, with £7.68m coming in the second half, and profit before tax was up by £131,000 to £636,000, of which £365,000 was attributable to the latter half. Turnover for the year was split as to home £8.91m (£6.34m) and export £5.22m (£4.34m).

The final dividend is 4.25p to lift the total from 6.25p to 6.75p net. After tax £175,000 (£152,000, less deferred released £379,000) and the preference dividend £40,000 (same), the net profit attributable to the ordinary came out at £421,000 (£692,000) for earnings of 11.59p, against 19.05p. Stripping out the deferred tax release leaves the 1981-82 comparison at 8.62p. Cost of the ordinary payment is £245,000 (£227,000).

Both production and turnover in the current year are running at record levels. Productivity has continued to rise as a result of the continued investment in plant. Because of the high level of demand, particularly at home, the company has been able to increase the workforce by 60 persons compared with the low point of the recession last year.

Meeting, Ossett, November 18 at noon.

Similar halftime result for Fothergill & Harvey

THE MAY forecast by Fothergill & Harvey that first-half 1983 profitability would be at a similar level to last year has been borne out in the group's interim figures.

These show that for the six month's to June 25 pre-tax profits were £806,000—up £5,000 on last year's corresponding period. Although trading profits were £74,000 higher, this was virtually wiped out by increased associates' losses of £110,000 (£102,000) and an interest charge of £45,000 (£18,000 credit).

The slow recovery in order intake—referred to at the AGM—faltered in the period June to August. But unless the situation deteriorates in the final quarter, the board anticipates some recovery in profits

The net interim dividend is maintained at 2.75p per 25p share—last year 6p was paid on £1.48m pre-tax profits. Mid-year earnings per share were 0.03p higher at 6.54p before tax, or 0.03p lower at 3.89p after tax.

Turnover increased from £10.96m to £11.8m. Trading profits of £961,000 (£887,000) were split between: advanced materials processing £131,000 (£6,000); electrical insulation £346,000 (£303,000); and coated and [illegible] engineered fabrics £484,000 (£578,000).

At the attributable level, profits advanced from £411,000 to £482,000, after tax of £330,000 (£320,000), minorities of £7,000 (£4,000) and sharply reduced extraordinary debits of £1,000 (£74,000).

Aberdeen Land ahead to £1.35m: pays more

THE MARKED imbalance shown at the halfway stage this year by City of Aberdeen Land Association has been put right. Profit for the full year ended June 30 1983 shows a near £100,000 increase to £1.35m, and the dividend is effectively lifted from 12.9p to 14.5p net, with a final of 10.25p.

Turnover for the year expanded from £11.34m to £18.14m. The majority of the group's housing completions fell into the second half, and that period produced profits of £1.29m (£1.06m). After tax £383,000 (£483,000) and minorities £59,000 (nil), net earnings for the year are 56.5p (53.7p).

The Aberdeen subsidiary again exceeded its early target and made the largest contribution to profits. The Lothian subsidiary continued to improve and made a significant contribution to profit.

Results in England have been less encouraging, with the new southern subsidiary taking longer than expected to produce acceptable profits, and the property development operation showing a loss in a difficult market.

Although the current half year will disclose the customary imbalance, the board is confident that this year's figures will show a further increase in profits.

The group is a subsidiary of Scottish Western Trust.

Provincial Ins. shows recovery

A REMARKABLE recovery in the first six months of 1983 is reported by Provincial Insurance. Its general insurance underwriting result almost reached break-even, with a loss of just £198,00 in the period compared with a £3.39m loss in the first half of 1982.

Net investment income improved 11 per cent, from £5.49m to £6.10m, which together with a higher transfer from long-term business and substantial profit growth from non-underwriting subsidiaries and associated companies, saw pre-tax profits climb from £1.89m to £6.14m.

A substantial increase in the tax charge from £618,000 to £2.84m resulted in the group after-tax profit climbing from £1.26m to £3.30m, with earnings per share of 34.45p, against 13.46p last year.

The interim dividend is lifted from 8.5p to 9.5p.

Worldwide non-life premium income improved by 11.4 per cent to £63.3m (£56.8m), the underlying growth allowing for exchange rate fluctuations being 9 per cent. Most of this growth came from overseas, wh[illegible] premiums rose 20 per cent [illegible] local currency terms.

Market conditions in the [illegible] remained difficult over [illegible] period even though underwrit[illegible] losses were substantially redu[illegible] to around £400,000 because [illegible] the better winter weather.

The motor account contin[illegible] to suffer from inadequate p[illegible]mium rates, while rating lev[illegible] for property and liability r[illegible] remain low for the level of co[illegible] provided.

An underwriting profit [illegible] £200,000 was achieved in [illegible] period on overseas general bu[illegible]ness, due entirely to a stro[illegible] recovery in Canada, the larg[illegible] overseas market. The oth[illegible] overseas operations experienc[illegible] continuing underwriting losse[illegible]

The company saw stro[illegible] growth in new life and pensi[illegible] business over the period. N[illegible] annual premiums almost doubl[illegible] from £1.3m to £2.39m, wh[illegible] single premiums advanced fr[illegible] £12.7m to £17.2m. Unit-link[illegible] business continued to expa[illegible] steadily, while conventio[illegible] business benefited from the [illegible] MIRAS system of crediting [illegible] relief on mortgage interest.

MINING NEWS

Argyle is expected to make a quick start

BY GEORGE MILLING-STANLEY

YESTERDAY'S APPROVAL by the Western Australian Government of the second and most important stage of development at Argyle Diamond Mines paves the way for the operation to become the biggest volume producer of diamonds in the world.

The partners in the joint venture, the Rio Tinto-Zinc group's Australian arm CRA with 56.8 per cent, Ashton Mining with 38.2 per cent and Northern Mining (5 per cent), are expected to announce their plans for the start of construction work at AK1, the main kimberlite pipe, in the next week or so.

Production from AK1 is expected to start towards the end of 1985 or early in 1986, and will boost Argyle's output of mainly industrial diamonds from the current 5m carat a year to around 25m carats.

This compares with current Western world output of around 50m carats.

To achieve this, Argyle will be processing 3m tonnes of ore per year. Present plans also include a provision for a possible increase in treatment capacity to 4.5m tonnes a year.

The Western Australian Government's approval for this stage of the project followed the negotiation of a series of agreements, which have resulted in the acquisition by the authorities of a 5 per cent equity stake in the venture through the purchase of Northern Mining.

The WA Government had been negotiating for some months with Argyle about the construction of a town at the mine site to house the workforce. The authorities viewed this as a chance to provide further employment in the remote and [illegible] accessible Kimberley region [illegible] the northern part of the state.

Argyle argued that it wou[illegible] prefer to fly its workforce [illegible] about 400 to the site from Pert[illegible] 1 200 miles to the south. Th[illegible] it was claimed, would allay t[illegible] fears of local Aborigines o[illegible] the disruption of tradition[illegible] tribal lands through the buildi[illegible] of a new town.

The Government agreed [illegible] waive its requirement for a n[illegible] town in return for a A$[illegible] (£30m) advance payment [illegible] royalties. Part of this mone[illegible] has been used to buy into t[illegible] project.

Mr Brian Burke, Prime Mi[illegible]ster of Western Australia, sa[illegible] yesterday that Argyle would [illegible] reduced royalties between [illegible] and 1993 to recoup the adv[illegible] payment, but that the dire[illegible] investment of the funds [illegible] Argyle would give the st[illegible] around A$27.5m more than [illegible] would have received if royalt[illegible] payments had been made in t[illegible] manner originally proposed.

He added that the project [illegible] expected to generate som[illegible] A$12m in royalties for the sta[illegible] each year once it is fully oper[illegible]tional.

As far as marketing th[illegible] diamonds is concerned, Norther[illegible] Mining under government co[illegible]trol will continue its existin[illegible] arrangements through Antwerp[illegible] Freres in Belgium.

The other partners sell 75 pe[illegible] cent of their share of the outpu[illegible] through De Beers' Centr[illegible] Selling Organisation, whic[illegible] handles the marketing of ove[illegible] four-fifths of world production. This agreement comes up fo[illegible] renewal in 1990.

Freeport diamond find in Western Australia

A NEW alluvial diamond find is reported from Western Australia, this time by the Bow River joint venture of Freeport of Australia and Gem Exploration and Minerals. It is at Limestone Creek in the Kimberley region, about 18 km east-north-east from the CRA-headed Argyle operation.

The Bow River team reports the recovery of 2,177 diamonds with a total weight of 367 carats from a bulk sampling programme involving 2,250 tonnes. Gem Exploration and Minerals says that the largest stone weighed about five carats.

No valuations have yet bee[illegible] made of the diamonds recovered although it is clear that they must be mostly of very smal[illegible] size and possibly of industrial material.

It is suggested that material eroded from the upper levels of the Argyle diamond pipes may have been carried in the distant past by Limestone Creek before later changes in the river course.

Gem Exploration and Freeport have equal interests in the Bow River joint venture, but Freeport has the right to earn a further 30 per cent by funding future exploration.

More gold for Lac

THE LATEST drilling report from Canada's Lac Minerals indicates that the group has estimated reserves of not far short of 20m tons of gold-bearing ore at the exciting new gold camp of Hemlo, in north-western Ontario.

The report covers five holes drilled on the north-west extension of Lac's Williams orebody, and lifts estimated tonnage in this section of the group's property in the area to 15.35m tons, at an average grade of 0.19 ounces (5.9 grammes) of gold per ton.

This represents a sharp increase on the earlier estimates of 11m tons of ore at an average of 0.17 oz per ton.

This material is additional to the probable 3.83m tons of ore near the surface, grading an average of 0.18 oz gold, reported previously.

Seven drill rigs are still testing this extension of the Williams property, with a further two rigs drilling nearby. The deposit is open at depth and to the west.

Lac reported in detail on five of the recent drill holes. Grades ranged from 0.15 oz gold to a rich 0.311 oz, including a core length of 121.4 ft grading 0.154 oz.

A further six holes from the current programme remain to be assayed, and new estimates of reserves will be published as soon as these results are to hand.

Lac plans to start a final feasibility study on its Hemlo property before the end of the year. If this is favourable, production could begin as soon as the early part of 1984.

The total drill-indicated tonnage at the Hemlo camp now stands at 52m tons, adds John Soganich in Toronto.

Grades range from 0.18 oz gold per ton to 0.5 oz at some portions of the Golden Giant orebody, shared by Noranda Mines, Goliath Gold Mines and Golden Sceptre Resources.

The main orebody at the joint venture between Teck Corporation and International Corona Resources contains an estimated 8.4m tons at an average grade of 0.36 oz gold per ton.

RESULTS AND ACCOUNTS IN BRIEF

RENWICK GROUP (subsidiary of Kangra International Holdings) — Results for year to April 2 1983, reported August 15. Shareholders' funds (£3.27m (£3.42m). Fixed assets £4.72m (£3.72m). Net current liabilities £1.45m (£0.3m). Bank overdrafts —secured £2.03m (£0.99m). Decrease in net liquid funds £7.28m (£11.11m increase). Meeting, Paignton, Devon, October 27, noon.

GEORGE BLAIR (manufacturer of cast steel products)—Result for the year to April 2 1983 already known. Shareholders' funds £1.83m (£1.62m). Fixed assets £1.98m (£2.06m). Net current assets £119,000 (£144,000). Chairman expects outcome for next full year to be an improvement over last year. Shares in the company are dealt in the market created by Granville & Co. Meeting: Newcastle upon Tyne, October 20 at 3 pm.

PALMERSTON INVESTMENT TRUST—Results for the year to March 31 1983 reported September 7. Fixed assets £1.66m (£1.71m). Net current assets £100,008 (£10,435). Shareholders' funds £1.1m (£980,600). Meeting: Hendon Hall Hotel, NW. October 27, 11 am.

SIRDAR (knitting yarn maker and distributor)—Results for year to June 30 1983 reported September 19. Shareholders' funds £20.07m (£16.39m); fixed assets £12m (£10.52m); net working capital £8.03m (£5.87m); increase in liquid funds £2.78m (£872,000).

FINANCIAL TIMES

Tuesday October 11 1983

Canadian Eurobond pricing terms disappoint, Page 46

WALL STREET

New peak despite lethargy

FINANCIAL markets had a slow day on Wall Street as bond traders took their cue from the banks, their principal clients, and stayed home for the Columbus Day holiday, *writes Terry Byland in New York.*

Stock markets remained open for business and, although turnover was restricted by the absence of the banks and bond traders, stock prices forged ahead after a slow start. A strong close brought the Dow Jones Industrial average to a new peak of 1,284.65, a net gain of 12.50 on 67.2m shares traded, share gains of 897 compared with share losses of 662.

A few small packages of bonds were traded but there were no publicly tested price quotations. Dealers kept a wary eye on Chicago where bond futures, trading as usual, opened with falls of up to three-quarters. This could make for further weakness today in New York's bond market, where the key long bond fell to 104 31/32 late on Friday. Yielding 11.39 per cent, following the announcement of a $600m jump in the weekly M1 money supply total.

The stock market, having risen to successive new peaks on Thursday and Friday of last week, started the session with a scattering of small losses. But turnover was thin and the market's overall optimism regarding the outlook for interest rates and share prices remained undimmed.

A slight tremor emerged in the personal computer market, where Apple Computer slipped $1¼ to $18⅞ and Commodore shed $2⅞ to $41½ after Merrill Lynch revised downwards its investment opinions of the shares.

But the mainframe computer leaders continued to find a few buyers. IBM gained $2 to $134¼ and Honeywell at $130¼ put on $4¼ as buyers evidently recovered confidence.

Comdisco the computer leasing company fell $13¾ to $24½ although the board "strongly disagrees" with criticisms published in the investment press.

Company news features included Gulf and Western, the conglomerate film maker and entertainment group which owns Madison Square Gardens. It gained $1 to $29½ after the latest trading results. CSX, a star in the recently strong rail sector, dipped $⅛ to $75¾

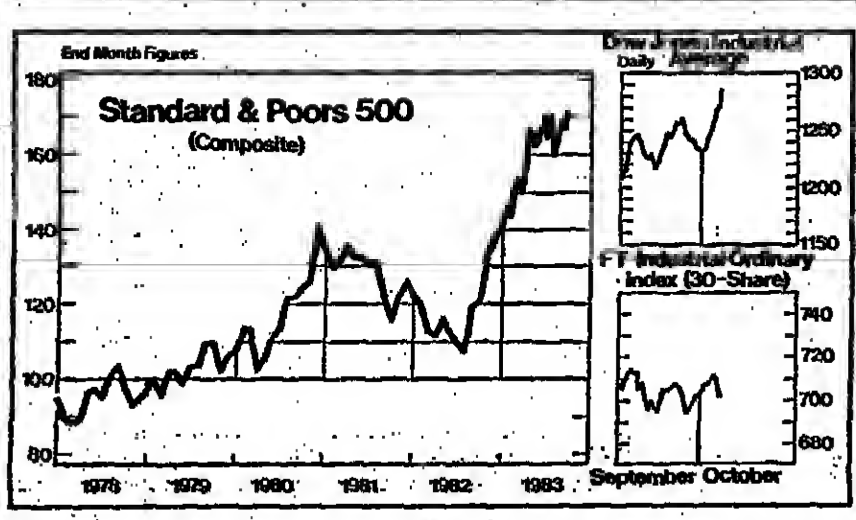
Motor shares found supporters, with General Motors at $77½ and Ford at $67¾ both gaining more than $1.

The rest of the market looked firm, featured by further gains in chemical, defence and banking issues.

In airlines, Eastern added $½ to $6¾ after Friday's news that threats of a bankruptcy filing have been shelved after three employee unions agreed to await a study on the company's position.

But overall, the stock market had an untested session and will be watching today for the first quotations in the bond market after the extended weekend break.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Oct 10	Previous	Year ago
DJ Industrials	1284.65	1272.15	986.85
DJ Transport	589.34	586.70	385.79
DJ Utilities	138.39	138.97	120.25
S&P Composite	172.65	170.80	131.05
LONDON			
FT Ind Ord	701.1	709.7	606.1
FT-A All-share	440.95	445.53	375.25
FT-A 500	479.17	483.04	420.00
FT-A Ind	432.37	434.83	393.02
FT Gold mines	570.9	569.7	401.3
FT Govt secs	81.88	82.17	62.63
TOKYO			
Nikkei-Dow	closed	7361.57	7361.57
Tokyo SE	closed	546.53	546.53
AUSTRALIA			
All Ord.	707.8	709.5	518.4
Metals & Mins.	534.5	540.3	424.9
AUSTRIA			
Credit Aktien	54.83	54.78	47.57
BELGIUM			
Belgian SE	128.73	129.04	101.33
CANADA			
Toronto Composite	closed	2517.1	1698.0
Montreal Industrials	closed	448.75	307.97
Combined	closed	427.51	293.09
DENMARK			
Copenhagen SE	181.59	189.41	90.71
FRANCE			
CAC Gen	140.9	140.9	99.10
Ind. Tendance	149.7	150.1	115.4
WEST GERMANY			
FAZ-Aktien	327.17	326.03	234.81
Commerzbank	970.4	968.4	711.3
HONG KONG			
Hang Seng	753.96	734.05	883.86
ITALY			
Banca Comm.	191.89	191.01	159.07
NETHERLANDS			
ANP-CBS Gen	143.9	143.4	89.2
ANP-CBS Ind	118.4	118.1	69.7
NORWAY			
Oslo SE	217.6	216.55	102.10
SINGAPORE			
Straits Times	940.95	930.19	672.07
SOUTH AFRICA			
Golds	closed	790.0	751.6
Industrials	closed	924.2	691.7
SPAIN			
Madrid SE	closed	118.44	102.61
SWEDEN			
J & P	1479.96	1476.89	684.06
SWITZERLAND			
Swiss Bank Ind	341.6	339.7	257.0
WORLD	Oct 7	Prev	Yr ago
Capital Int'l	184.9	183.9	139.2

GOLD (per ounce)

	Oct 10	Prev
London	$400.125	$398.875
Frankfurt	$400.25	$397.50
Zürich	$400.50	$400.50
Paris (fixing)	$401.16	$402.22
Luxembourg (fixing)	$399.25	$395.75
New York (Oct)	$403.20	$401.50

* *Latest pre-close figure;* † Oct 7 rates

CURRENCIES

(London)	U.S. DOLLAR Oct 10	U.S. DOLLAR Previous	STERLING Oct 10	STERLING Previous
$	–	–	1.5105	1.5105
DM	2.5885	2.5645	3.9125	3.87
Yen	232.85	230.65	352.0	348.0
FFr	7.9260	7.8670	11.97	11.8725
SwFr	2.1030	2.0850	3.18	3.15
Guilder	2.9050	2.8865	4.39	4.3475
Lira	1573.0	1567.25	2375.50	2357.0
BFr	52.78	52.56	79.70	78.95
C$	1.23225	1.22975	1.8605	1.8530

INTEREST RATES

Euro-currencies (three month offered rate)	Oct 10	Prev
£	9 7/16	9 7/16
SwFr	4	4
DM	5¾	5⅝
FFr	15⅝	15⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9 11/16
6-month U.S.$	9¾	9⅝
U.S. Fed Funds	9 9/16†	9½
U.S. 3-month CDs	9.25†	9.10
U.S. 3-month T-bills	8.59†	8.52

U.S BONDS

Treasury	Oct 7 Price	Oct 7 Yield	Oct 6 Price	Oct 6 Yield
10⅜ 1985	100 29/32	10.39	100 29/32	10.34
11½ 1990	101 1/32	11.28	101 5/32	11.24
11⅞ 1993	103 5/32	11.30	103 6/32	11.30
12 2013	105 5/32	11.37	105 13/32	11.36
Corporate	**Oct 10 Price**	**Oct 10 Yield**	**Prev Price**	**Prev Yield**
AT & T				
10⅜ June 1990	95¼*	11.40*	95¼	11.40
3⅞ July 1990	69⅞*	10.20*	69⅞	10.20
8⅜ May 2000	77¼*	11.95*	77¼	11.95
Xerox				
10⅞ March 1993	93⅝*	11.75*	93⅝	11.75
Diamond Shamrock				
10⅜ May 1993	92⅝*	11.90*	92⅝	11.90
Federated Dept Stores				
10⅞ May 2013	88.53*	12.05*	88.53	12.05
Abbot Lab				
11.8 Feb 2013	98.35*	12*	98.35	12
Alcoa				
12⅛ Dec 2012	98.02*	12.50*	98.02	12.50

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	72–12	72–13	72–07	72–13
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.09	91.09	91.05	91.08
Certificates of Deposit (IMM) $1m points of 100%				
December	90.42	90.50	90.39	90.50
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.27	90.35	90.26	90.43
20-year Notional Gilt £50,000 32nds of 100%				
December	106–26	107–19	106–26	107–23

COMMODITIES

(London)	Oct. 10	Prev
Silver (spot fixing)	888.0p	751.1p
Copper (cash)	£974.50	£990.50
Coffee (Nov)	£1887.00	£1792.00
Oil (spot Arabian light)	$28.40	$28.20

EUROPE

Denmark takes a tumble

HEAVY TRADING in **Copenhagen** took prices down by an average of 4 per cent *yesterday – the biggest fall this year* and an intensification of declines of some ½ per cent last Thursday and Friday, *writes Hilary Barnes in Copenhagen.*

Sales by foreign investors were said by brokers to have contributed to the slide, founded on fears that the present *non-socialist, minority coalition* government would fall this month. Bond prices have also declined over the past few days.

From January to September 13, the exchange's all-share index rose 104 per cent, but since then it has declined by 9 per cent to *finish yesterday* at 181.59, off 7.82 on the day.

The government came under severe pressure last week in the Volketing, but emerged with its majority intact. Mr *Poul Schlüter, the Prime Minister,* said yesterday he hoped to avoid an election, and expected clarification by October 26, when agreement with other parties must be in place for several items affecting the 1984 budget.

Our Financial Staff adds: Among those most severely affected were insurer Baltica-Skandinavia, DKr 60 down at DKr 455; Danske Sukkerfabrikker, off DKr 40 at DKr 705; and Superfos, DKr 23 lower at DKr 344. Novo resisted *with a DKr 30 rally to DKr 3,210.*

Elsewhere, interest-rate pointers were drawn on as the clearest source of sentiment for European bourse trading in a day devoid of much impetus.

Among the *strongest* was **Zurich**, underpinned by time-deposit rate cuts by leading banks last week and more widely ranging reductions hoped to follow this week. The Swiss Bank industrials index added 1.9 to 341.6.

Apart from the partial Columbus Day holiday in the U.S., national holidays closed markets in Japan, South Africa and Canada. The *Madrid exchange* observed its usual Monday closure.

Domestic bonds firmed, *unaffected* by the SwFr 250m tender of a 4½ per cent federal issue, open until October 20.

A downward **Brussels** drift reflected continuing fears of a discount-rate rise to support the Belgian franc as the central bank lifted the three-month Treasury *certificate rate* from 9¼ to 9½ per cent.

A firm counterpoint was provided by steels, however, with Arbed up BFr 34 at BFr 1,314 and Cockerill-Sambre BFr 9 to BFr 172 on state plans to buy out private steel marketing companies to aid Cockerill.

Profit-taking ate into the **Amsterdam** stars of last week. Publishers Elsevier fell Fl 8 to Fl 434 but VNU managed to continue Fl 4 upward at Fl 129.

Frankfurt *found* a *smattering of* fresh orders from domestic and foreign investors. Metal-related issues were strongest, boosting Degussa DM 4 to DM 358 and Metallgesellschaft DM 15 to DM 217.

Public-sector bonds moved up to 20 basis points either side of Friday's closings, and the Bundesbank sold just DM 1.9m in paper.

A dull **Paris** left Cie Bancaire FFr 4 down at FFr 362 as it turned in a better first half, but warned of difficulty in achieving real profit rises. Bonds strengthened, *while* a tender for *FFr 1.08bn in* six-month Treasury bills brought a rate of 12 11/64 per cent against 12 13/64 on September 30.

Thin trading muted a **Milan** rally but gave insurer Generale a L800 rise at L141,500 and Italcementi L400 at L46,150. Bonds were marginally easier.

Pharmaceuticals returned to the **Stockholm** plus column with an active SKr 25 gain for Pharmacia at SKr 415 and SKr 10 for Astra at SKr 645. Oslo was quietly mixed.

AUSTRALIA

AN OTHERWISE lacklustre **Sydney** was again featured by demand for stocks connected with the successful Jabiru 1A oilwell in the Timor Sea, although profit-takers later intruded there too.

This deprived BHP, one of the three main interest holders in the well, of a year high at A$13: it closed steady on the day at A$12.85, as did Ampol Exploration at A$3.80, while Weeks dipped two cents at A$1.13 after A$1.22.

LONDON

ICI advance trimmed by Glaxo result

TRADING REMAINED at a low ebb in London yesterday despite Wall Street's pre-weekend strength. The FT 30-share index drifted lower during the session to close 8.7 down at the day's low of 701.1.

London Brick, a rising market last week on persistent talk of a bid from Hanson Trust, reacted from a firm opening to close 3½p down at 98½p after 106p. This followed liquidation of speculative positions in the wake of the announcement from Hanson Trust that it had acquired a 9.41 per cent stake as an investment.

ICI advanced strongly to touch 582p before closing a net 12p up at 572p on renewed U.S. buying following news of the group's new fibre, Tactel.

Late sentiment in ICI was adversely *affected by disappointment* with Glaxo's preliminary profits, which left Glaxo to close 45p down at 750p. *Details, page 39; Share Information Service, Pages 40-41.*

SOUTH KOREA

AS THE South Korean cabinet met in emergency session to decide on a response to the weekend killing of four key ministers *on tour* in *Burma, Seoul* stocks slid to this year's lowest.

Although some institutional buying support emerged towards the close, all market leaders showed losses. Hyundai Motor shed five won to W640, Korea Oil W20 to W735, Dong Ah W37 to W652 and Han Yang W20 to W381.

SINGAPORE

A BROAD-BASED Singapore advance was achieved on turnover muted by the Malaysian budget due on October 21, with the main focus of interest on changes effected yesterday to the 30-issue Straits Times industrial index.

Guthrie was replaced in the index by Multi-Purpose, its new parent, while for the same reason Straits Steamship was removed in favour of Keppel Shipyard. United Engineers in addition gave way to Promet, regarded as more representative of building and engineering.

The index finished the day 10.77 higher than pre-weekend and pre-change levels at 940.96. The broader stock exchange industrial and commercial index gained 5.62 to 711.16.

Keppel drew particular benefit from its promotion, rising 16 cents to S$3.40 on a Straits Times description as the largest listed non-bank incorporated in Singapore. Straits Steamship firmed just three cents to S$1.96.

HONG KONG

THE CARRIAN group's further lurch into failure had, if anything, a beneficial effect on Hong Kong trading – described by one broker as the removal of "this tremendous uncertainty."

The Hang Seng index rose 19.91 to 753.96, encouraged also by steadiness in the currency ahead of expected support measures by the colonial administration. Although stock dealings remained fairly quiet, overseas buyers were once more in evidence.

Hutchison Whampoa gained 40 cents to HK$9.70 and Jardine Matheson 25 cents to HK$8.85, while 10-cent rises were provided for Cheung Kong at HK$8.20 and Hongkong and Shanghai Bank at an ex-dividend HK$6.70.

TOKYO

OTC change clears way for growth

JAPAN'S over-the-counter (OTC) market for stocks is undergoing fundamental improvements to meet the financing needs of promising young companies and to offer lucrative new shares to investors, *writes Shigeo Nishiwaki of Jiji Press.*

The new OTC market, to be launched next month, is aimed ultimately at revitalising the domestic economy by providing an important means of raising capital for medium-sized companies with sound management and the ability to develop advanced technologies, while satisfying the needs of investors to buy shares in growth-oriented concerns.

The market is being described as a Japanese version of the National Association of Securities Dealers Automated Quotations System (Nasdaq) in the U.S.

About 100 quotations are traded over-the-counter under the supervision of the *Securities Dealers Association of Japan.* But trading has remained sluggish because relatively few of these are seen by investors as providing an adequate return and because of the strict rules governing OTC transactions. Trading volume reached just 63.67m shares for 1982 as a whole, although the revival in equities took the figure up to 80.95m for the *first nine months of this year.*

The improvements in the OTC market are based on recommendations made by Japan's Securities and Exchange Council. In a move to attract as many medium-sized companies as possible, the standards for registration with the Securities Dealers' Association are to be eased considerably, beginning in November.

For instance, an applicant company must have at least 2m shares outstanding in the hands of the general public, but the requirement that the company must have a trading history of at least two years has been removed. The rule that a company must have paid dividends at an annual rate of at least Y5 (2.1 U.S. cents) per share has also been lifted.

At the same time, securities houses will be allowed to recommend OTC stocks to their customers. Investors in turn will be urged to assume "self-responsibility" for their investments. Securities houses are now looking especially at venture businesses as a prospective growth area in stocks that might be registered with the Association.

But the securities industry is still somewhat wary of actively nurturing the new OTC market, in light of a bitter experience in 1965 which stemmed from fierce competition among securities firms for the introduction of OTC stocks into the second section created in the Tokyo Stock Exchange in 1961.

Nomura Securities, one of the big four brokerage houses, expects that about 40 new stocks will be registered by the end of next year.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅞	6⅝	AAR	.44	2.6	20	33	16	15½	15⅝	+⅛
52⅞	25½	ACF	1.40	2.8	65	163	50⅝	50⅛	50⅝	+⅝
20	14⅛	AMF	.50	2.9		238	17¼	16⅞	17⅛	
26⅞	15	AMRCp			44	831	25⅝	25⅛	25⅝	+½
19⅞	14⅝	AMR	pf2.18	12.		42	18⅝	18½	18½	
36⅞	24⅞	AMR	pf2.13	6.5		139	33¼	32	32⅞	+⅛
15⅞	2½	APL			31	111	14⅝	14¼	14¼	−⅛
85	31¼	ARA	2.05	2.9	13	8	82	82	82	−⅛
72⅝	48	ASA	3a	5.1		322	58¼	57½	58¼	+½
33⅞	10	AVX	s .32	1.1	68	190	28¼	27⅞	28¼	+⅛
52⅞	34⅞	AbtLab	1	1.9	21	1336	u53½	52⅞	53⅛	+1
30⅞	22⅞	AccoW	n.50	2.0	19	96	25	24¾	24⅞	+⅛
27½	16⅞	AcmeC	.40	1.9		482	24½	24	24½	+½
14⅝	7⅛	AcmeE	.32b	2.8	284	42	11⅞	11	11⅛	+¼
22¼	6	AdmDg	.04	.2	18	38	u23¼	22⅞	23	+⅛
17⅞	14⅞	AdaEx	1.73e	9.8		33	17⅝	17⅞	17⅞	+⅛
18¼	6⅞	AdobMS	.24	1.4	8	29	17⅞	17½	17½	−⅛
18⅝	6⅞	Advest	s.12	.9	6	323	13⅞	13¼	13¼	+⅛
34⅞	10⅞	AMD			57	4097	33⅝	32¼	33⅝	+1
[illegible]										

Continued on Page 37

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅝	7¼	AAV	.32	2.1	13	32	15⅛	14⅞	15⅛	+⅛
4¾	3	AICPh				12	3½	3½	3½	
9½	2	ATI				23	2⅝	2½	2½	
12¾	2⅛	AcmePr			9	5	6⅝	6½	6⅝	+⅛
19½	11⅞	AcmU	s .32	2.1	18	8	15⅝	15½	15½	+⅛
14½	1⅛	Action	s		10	111	13⅝	13	13⅝	−⅛
12	6	Actona	.1i	14.	35	34	7½	7⅜	7⅜	−⅛
6½	1⅛	Actn	wt			12	3½	3½	3½	−⅛
8	1⅛	AdmRs				28	4⅛	4⅛	4⅛	+⅛
30⅝	16⅞	AdRusl	s .10	.4	16	34	25	24⅝	24⅞	+⅛
26⅝	14⅛	Adobe	.20	.9	14	717	21¾	20¾	21⅛	+1
5⅛	2	AeguCp			14	140	4⅛	4	4	−⅛
7	4	Aeronca			0	41	4½	4½	4½	
32½	12	AfilHsp	.36	1.9	11	6	24⅛	23⅞	24⅛	+⅝
43	16½	AlliPb	s .84	1.5	18	5	41⅞	41⅞	41⅞	+⅛
17½	4	AltSix			10	45	12½	12⅛	12½	+¼
15½	5⅝	AirExp				39	7¾	7¼	7½	−⅛
9½	4⅝	Alamc	n		12	68	5½	5½	5⅝	+⅛
23⅞	4⅞	AlbaW	.15e	1.1	22	13	14	13⅞	13⅞	−⅛
12¾	3	AlnTr	s			3	6⅞	6⅞	6¾	−⅛
12¾	7¼	AlmySt		1.7		1	11⅞	11⅞	11⅞	−⅛
10½	6⅞	AlohaA				28	6¾	6⅞	6¾	+⅛
26¼	15¾	Alphal	s .05	.2	29	116	21½	21½	21½	+⅛
22	9⅞	Altamil	.40	1.8	12	1	21⅞	21¼	21¼	+⅛
1⅞	¼	Altec	v			202	⅛	½	⅛	
2⅞	1⅛	Altex				48	2⅛	2¼	2¼	
11-16	1-10	Altex	wt			20	⅛	9-10	⅝	+1-16
37	28½	Alcoa	pf3.75	11.		250	33½	33½	33½	
32⅞	11⅛	AlzaCp				480	20⅞	18½	18⅝	−1
29⅞	12⅞	Amdhl	s .20	1.0	58	286	19⅞	18⅝	18¾	+⅛
25⅞	6⅞	Amedc	s.08	.4	23	42	18½	18¼	18⅞	+¼
7½	3½	ABik	n .15	2.7	31	17	5½	5⅛	5½	+⅛
8	1½	AmCap				0	3⅛	3⅛	3⅛	+⅛
44¾	16	AExp	wt			126	30	29⅞	29¾	−½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 38

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41¼	31⅞	Wyerh	1.50	3.8	80	1799	35⅛	35⅜	35⅛	+⅛
52¾	40½	Weyr	pf2.80	6.1		80	45¾	45⅞	45¾	+¼
57¼	46¾	Weyr	pr4.50	9.0		66	50	49⅞	50	
24⅞	13⅛	WhelPit				4	22⅞	22¾	22¾	
46	34	WhPit	pf 6	15		z500	38½	38½	38½	−⅛
38	28	WhPit	pf 5	15		z1280	33⅛	33¼	33¼	−⅛
57	35⅞	Whirlpl	1.80	3.0	11	118	47½	46¾	47½	+⅛

Continued on Page 38

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the *Bankruptcy Act*, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 37

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 37

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

NETHERLANDS

[illegible]

AUSTRALIA

[illegible]

JAPAN (continued)

[illegible]

FRANCE

[illegible]

NORWAY

[illegible]

HONG KONG

[illegible]

SPAIN

[illegible]

GERMANY

[illegible]

SWEDEN

[illegible]

SINGAPORE

[illegible]

JAPAN

[illegible]

AUSTRIA

[illegible]

SOUTH AFRICA

[illegible]

BELGIUM/LUXEMBOURG

Petrofina	6,740	
Royale Belge	7,000	
Soc. Gen. Banq.	2,830	+25
Soc. Gen. Belge	1,830	
Sofina	4,870	−80
Solvay	6,465	+6
Traction Elect.	3,220	
UCB	4,000	+40
Vieille Mont.	5,365	+15

Remaining entries: [illegible]

SWITZERLAND

[illegible]

ITALY

Generali (Assic)	141,500	+800
Invest	2,945	+14
Italcementi	46,150	+400
Montedison	199	+4.6
Olivetti	3,290	+17
Pirelli Co	2,597	+7
Pirelli Spa	1,581	+5
Snia Viscosa	1,173	+29
Toro Assic	11,299	−1
do. Pref.	5,760	

Remaining entries: [illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Indices

NEW YORK-DOW JONES

	Oct 10	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	1983 High	1983 Low	Since Compil'n High	Since Compil'n Low
Industrials	1284.65	1272.15	1268.8	1250.2	1239.66	1231.3	1272.15 (7/10)	174.39 (11/8)	1272.15 (7/10/83)	41.22 (2/7/32)
Transport	586.34	596.7	583.83	578.44	568.98	566.79	598.84 (21/8)	434.24 (3/1)	598.84 (21/8/83)	12.23 (8/7/32)
Utilities	138.39	138.57	140.08	138.82	136.8	135.16	138.57 (7/10)	119.46 (3/1)	163.32 (20/4/69)	10.05 (28/4/42)
Trading vol 000's	8727	10363	11827	10171	9827	7723	–	–	–	–

	Sep 23	Sep 16	Sep 9	(Year Ago Approx)
Ind div yield %	4.43	4.53	4.46	5.82

STANDARD AND POORS

	Oct 10	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	1983 High	1983 Low	Since Compil'n High	Since Compil'n Low
Industrials	194.84	192.36	191.79	189.9	187.3	186.93	193.22 (22/8)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	172.65	170.8	170.28	167.74	166.27	165.8	170.99 (22/8)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Sep 28	Sep 21	Sep 14	Year Ago (Approx)
Ind div yield %	3.89	3.98	3.95	5.29
Ind. P/E Ratio	14.60	14.58	14.33	8.98
Long Gov Bond Yield	11.34	11.50	11.38	11.53

N.Y.S.E. ALL COMMON

Oct 10	Oct 7	Oct 6	Oct 5	1983 High	1983 Low
–	–	–	–	442.82 (6/9)	79.18 (3/1)

RISES AND FALLS

	Oct 10	Oct 7	Oct 6
Issues traded	1947	1972	984
Rises	898	926	135
Falls	653	664	514
Unchanged	395	382	335

MONTREAL

	Oct 10	Oct 7	Oct 6	Oct 5	1983 High	1983 Low
Industrials	-	443.75	445.39	441.67	453.98 (5/5)	329.12 (4/1)
Combined	–	427.51	424.32	420.19	441.20 (20/9)	319.45 (5/1)
TORONTO Composite	–	2517.1	2509.2	2478.7	2598.2 (26/9)	1949.84 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

Other indices

	Oct 10	Oct 7	Oct 6	Oct 5	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Metals & Minls. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRIA Credit Aktien (2/1/62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM Belgian SE (31/12/63)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK Copenhagen SE (1/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE CAC General (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind Tendance (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY FAZ-Aktien (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank (Dec 1953)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HONG KONG Hang Seng Bank (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY Banca Comm Ital. (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN** Dow Average (16/5/49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo New SE (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS ANP-CBS General (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ANP-CBS Indust (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY Oslo SE (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SINGAPORE Straits Times (1966)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA Gold (1958)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial (1958)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN Madrid SE (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN Jacobson & P. (1/1/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWITZERLAND SwissBankCpn. (31/12/58)	341.6	339.7	337.8	338.5	347.0 (4/8)	284.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	184.6	183.6	181.7	184.9 (7/10)	164.8 (3/1)

(**) Saturday Oct. 8: Japan Dow (c) TSE (c).
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

حكـز من الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

London Brick and ICI feature drab equities
Glaxo disappoints—Gilts lower

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24
Oct 17	Oct 27	Oct 28	Nov 7

* "New-time" dealings may take place from 5.30 am two business days earlier.

Interest in London Stock markets remained at a low ebb yesterday. Wall Street's record-breaking performance again failed to find reflection in Throgmorton Street and special situations or speculative issues again provided most of the interest.

London Brick and **ICI** attracted the lion's share of business among leading shares. The former, a rising market last week on persistent talk of a bid from Hanson Trust, reacted from a firm opening to close 3½ down at 98½p, after 106p, on the liquidation of speculative positions in the wake of the announcement from Hanson Trust that its 9.41 per cent stake is regarded as an investment. ICI, a strong market of late on the group's decision to apply for a New York listing for the ADR facility, advanced strongly to touch 582p before closing a net 12 up at 572p on renewed U.S. buying and hopes for the group's new fibre, Tactel. Late sentiment in ICI was adversely affected by some disappointment with the preliminary profits reported by Glaxo, another favourite with U.S. investors. **Glaxo** closed 45 down at 750p.

Unsettled by last Friday's report of Nothern Telecom's planned assault on the UK telecommunications market, leading Electricals gave further ground on nervous offerings fuelled by reports of an imminent television documentary highlighting proposed Government spending cuts; closing falls ranged to 10.

The FT 30-share index, 2 points easier at 10 am, closed 8.7 down at the day's lowest of 701.1.

Disappointed by the latest U.S. money supply figures announced last Friday and reflecting caution ahead of today's UK figures for September, gilts ignored sterling's firm showing and drifted lower in thin trading. Closing falls in the medium and long-dated stocks extended to ⅝, while the shorts ended with falls to 1/16.

Banks weak

The world debt situation again dragged the major clearing banks lower. **Lloyds**, again vulnerable because of worries about the group's Argentine connections, shed 10 to 453p. **Barclays** gave up 7 to 448p, while **Midland**, 400p, and **NatWest**, 575p, both lost 5. Among Merchant Banks, **Minster Assets** shed 8 to 90p following the chairman's warning about second-half prospects. Elsewhere, dealings in **Bank Leumi Israel** were suspended at 1½p following the halt in dealings on the Tel Aviv Stock Exchange; **Bank Leumi UK** shed 25 to 160p.

Buyers shunned composite Insurances following Press comment on the level of competition in motor business. Royals shed 10 to 500p and **Commercial Union** 4 to 156p. **GRE** also gave up 4, to 466p, while profit-taking left speculative counter **Eagle Star** 10 lower at 470p.

Telemetrix staged a successful market debut; the shares, offered for sale at 185p, opened at 214p and moved up to 217p. Press comment sparked fresh interest in last week's newcomer **Atlantic Computers**, which touched 290p before closing 7 up on balance at 287p compared with the minimum tender price of 170p and the striking price of 230p.

Breweries remained subdued and most drifted lower reflecting the absence of investment support. **Bass**, firm recently on persistent talk of price increases, gave up 5 to 320p, while **Allied-Lyons** shed 4 to 140p. Among regionals, Blackburn-based **Matthew Brown** eased a couple of pence to 222p following the announcement that T. & R. Theakston, a private concern famous for its Old Peculier premium bitter, is to join the group.

Attention in Buildings remained firmly focused on **London Brick**. Marked up to a 1983 peak of 106p at the outset, the shares drifted back to 102p in the absence of the widely rumoured dawn raid from Hanson Trust and, on the latter's statement that it had no plans at present to bid for the company, reacted to 96p before closing 3½ down on balance at 98½p. Timber issues made a drab showing, small selling in the absence of buyers clipping 3 from **Magnet and Southerns**, 151p, and **Meyer International**, 147p. Elsewhere, **Burnett and Hallamshire** encountered sporadic offerings and lost 12 to 303p. On the other hand, **Brown and Jackson** firmed 2 to a 1983 peak of 27p following an investment recommendation.

Woolworth dull again

After opening around 10 higher reflecting strong U.S. buying late on Friday, **ICI** advanced to a 1983 peak of 582p on hopes for the group's new fibre development, Tactel, before reacting following the Glaxo figures to close 12 up on the day at 572p.

With the sector still out of favour with leading institutions, Stores drifted and closed with small losses, although **Woolworth** were harder hit and fell 11 for a two-day fall of 20 to 256p, albeit in a restricted market. Business among secondary counters also left much to be desired with dealers marking prices down in attempts to establish trading levels. **House of Lerose** continued to react to the interim figures and shed 5 more to 132p, while **Steinberg** fell 7 to 120p and **Wearwell** 3 to 79p. **Mellins**, on the other hand, rallied 6 to 104p following a profile on the chairman in the weekend Press.

Continuing fears of competition in the telecommunications market continued to weigh heavily on the Electrical sector, with sentiment further undermined yesterday by talk of an adverse TV documentary on defence spending. **Plessey** continued to give ground with a further fall of 10 to 198p, while losses of 8 were marked against **Racal**, 186p, and **Thorn EMI**, 610p. **GEC** gave up 5 more to 178p and **Cable and Wireless** ended similarly cheaper at 280p. **United Scientific** showed marked weakness at 355p, down 28p, along with **Ferranti**, 22 off at 578p. Against the trend, speculative demand lifted **Cray Electronics** 11 to 143p, while **Microlease** hardened 2 to 192p in response to the interim figures.

With the exception of **Hawker**, down 6 at 286p, the Engineering leaders were rarely altered.

Leading Foods experienced a lethargic session and often drifted easier. Against the trend, **Unigate** found support and improved 2 to 101p, while **Avana** firmed 6 to 487p, the latter helped by Press comment. Elsewhere, **Freshbake** also attracted interest and put on 4 to 71p.

Glaxo disappoint

Leading Hotels and Caterers followed the general trend, but **Comfort**, neglected in last week's advance following Press comment on the high level of hotel bookings, put on 2 to 32p.

Preliminary figures at the lower end of market expectations caused late weakness in **Glaxo** which fell to 740p in the after-hours' dealings to 745p before settling at 750p for a fall of 45 on the day. Other miscellaneous industrial leaders traded relatively quietly, but were inclined easier. Reflecting rumours of an imminent adverse TV programme on defence spending, **Smiths Industries** fell 9 to 403p and **British Aerospace** 5 to 190p. News of heavy losses in the company's U.S. jewellery operations and the proposed rationalisation moves prompted a drop of 20 to 212p in **Johnson Matthey**, but favourable Press mention stimulated buying interest in **Sterling Industries**, which put on 6 to 80p. Also reflecting newspaper comment, *Stainless* **Metalcraft** rose 8 to 128p and **Rank Organisation** 3 to 174p. **Hawkins and Timpson** hardened a penny to match the increased offer of 44p from Evered, while the recovery in annual profits left **Lawtex** a couple of pence dearer at 36p. **Combined Technology** met selling and touched 20p before settling 4 off on balance at 22p. Other dull spots included **Bellair**, 15 lower at 585p, and **Christies International**, 8 down at 280p.

Fleet Holdings continued to respond to Friday's announcement that Mr Robert Holmes à Court now controls 5.5 per cent of the equity and rose to 136p before closing a net 3 dearer at 134p.

Secondary Properties again produced several firm spots, but the leaders sagged again in the absence of investment enthusiasm; **Land Securities** finished 4 lower at 300p. **Trust Securities** attracted buyers, the ordinary and deferred both firming 3, to 45p and 43p respectively. **Alfred Walker**, a rising market last week, put on 2 to a 1983 peak of 62p following the announcement that a director had sold a 5 per cent stake to institutional investors. **Marler Estates** attracted further speculative interest and touched 100p before closing 2 dearer on balance at 96p, but **Cardiff Property**, up 48 last week on bid hopes, came back 5 to 185p in the absence of developments.

The poor preliminary statement left **M. P. Kent** 2 cheaper at 38p.

Attention in Shippings again centred on **Common Bros**, which continued to benefit from the *profits recovery and advanced 13* for a two-day gain of 23 at 113p. **Lyle**, on the other hand, shed 3 to 140p on second thoughts about the first-half loss.

Textiles succumbed to the general apathy and displayed small falls across the board. **Montfort (Knitting Mills)** fell 2 to 32p following the sharply increased first-half loss, but **S. Lyles** provided an exception and rose to 106p before settling a net 6 up at 103p after the increased annual profits and dividend. **Harold Ingram** attracted option business and added 25 to 325p, after 337p.

Montague Boston Investment Trust were marked 7 lower at 108p on the termination of bid talks; the approach was announced only last Wednesday.

Early proceedings among Financials were dominated by **Britannia Arrow**, which fell 10 to 83p in a brisk trade following the proposed rights issue. **Aitken Hume** fell 12 to 198p, while losses of 10 were common to **Mills and Allen**, 305p, and **R. P. Martin**, 235p; the last-mentioned is due to announce preliminary results later this month. **Mercantile House** remained depressed in the wake of the chairman's sale of shares, losing another 17 to record a two-day fall of 34 at 340p. **Abingworth**, a dull market recently following the profits warning from Apple Computer of the U.S. in which the company holds a sizeable stake, rallied 7 to 283p following the full-year figures.

Oils shade better

The threats to Gulf crude shipments made for a firmer trend initially in the oil market. Lack of follow-through support, however, saw most quotations drift back from higher opening levels and final prices were usually only a couple of pence dearer on balance. **BP** ended 2 firmer at 432p with the partly-paid shares finishing without alteration at 200p. **Shell** also settled a couple of pence dearer, at 584p. Elsewhere, **Atlantic Resources** settled another 5 higher at 540p.

Quiet mines

Mining markets put on a much more sedate performance after the dramatic swings of the previous week.

South African Golds edged higher in early trading, boosted by good gains in U.S. markets on Friday, but failed to attract any substantial buying interest and more or less reverted to Friday's closing levels although a number of issues ended the day with minor gains.

Bullion was trading below $400 an ounce for most of the morning but picked up to close 25 cents up at $400.125.

The Gold Mines index showed a 1.2 gain at 570.9, extending the rise over the past three trading days to one of 26.1.

Features in the heavyweights included **Free State Geduld** and **President Brand**, which added £1¼ apiece at £28⅜ and £30⅝ respectively, while rises of around ¼ were common to **Blyvoor**, £10¼ and **Venterspost**, £10¼.

Notable weak spots were seen in **Libanon**, £1¼ off at £21, and **Buffels**, which gave up £1⅛ to £34½. The cheaper-priced issues managed small gains, where *changed*.

South African Financials were mixed after quiet trading. Leading issues showed **Anglo American** ¼ easier at £12¼ and **De Beers** 3 off at 540p, but **Gold Fields of South Africa** moved up ¼ to £75¼.

Charter Consolidated were unsettled by the marked weakness in 28 per cent-owned Johnson Matthey and dropped 7 to 230p. Platinums registered substantial gains; persistent buying from West Germany lifted **Impala** 33 to 825p, **Rustenburg** 30 to 700p and **Lydenburg** 10 to 540p.

The Australian sector opened on a steady note, encountered small selling mid-morning but subsequently rallied to close little changed on balance.

Bond Corporation eased 2 to 76p following news of the sale of its 3 per cent interest in the Argyle diamond project to the Western Australian Government.

Elsewhere, Canada's **Sabina Industries**, a weak market of late, rallied 10 to 85p.

Demand for Traded Options was more selective than of late. Rumours of strong U.S. support for the underlying shares ahead of the third-quarter results later this month prompted an active business in ICI positions with 576 calls and 137 puts transacted; among the calls, the 550 series proved the most popular with 267 done in the October 550's which spurted 16 to 30p, and 110 in the January 550's, 12 better at 44p. Imperial Group attracted 278 calls, 135 of which were struck in the November 130's, while Land Securities recorded 178 puts, most of which were done in the October 300's. Total contracts amounted to 2,432, slightly below last week's daily average of 2,556.

FINANCIAL TIMES STOCK INDICES

	Oct. 10	Oct. 7	Oct. 6	Oct. 5	Oct. 4	Oct. 3	year ago
Government Secs.	81.88	82.17	82.07	82.03	81.71	21.21	82.83
Fixed Interest	84.83	84.83	84.84	84.69	84.20	84.96	83.03
Industrial Ord.	701.1	709.8	711.4	707.8	708.2	705.7	806.1
Gold Mines	370.0	660.7	566.5	544.8	556.8	641.6	401.3
Ord. Div. Yield	4.79	4.73	4.78	4.74	4.73	4.76	4.70
Earnings, Yld.% (full)	9.52	9.41	9.39	9.45	8.40	9.46	10.33
P/E Ratio (net) (*)	13.18	13.31	13.34	13.28	16.32	13.26	11.60
Total bargains	18,987	19,862	80,439	90,043	21,055	18,883	22,084
Equity turnover £m.	—	12,252	196.47	211.59	197.80	177.27	183.03
Equity bargains	—	14,509	14,973	16,844	16,754	15,841	19,483
Shares traded (ml)	—	121.9	190.1	146.3	146.0	112.7	120.7

10 am 707.8. 11 am 706.2. Noon 704.1. 1 pm 703.7. 2pm 703.4. 3 pm 703.3.

Basis 100 Govt Secs. 18/1/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026

Nil=12.36

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.60 (15/8)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.84 (6/10)	79.03 (1/2)	150.4 (28/11/47)	50.66 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 7	Oct. 6
—Daily		
Gilt Edged Bargains	144.8	143.1
Equities Bargains	94.0	27.0
Equities Value	368.6	397.1
5-day Avrge		
Gilt Edged Bargains	149.2	146.6
Equities Bargains	102.3	108.2
Equities Value	690.3	413.8

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (43)

AMERICANS (4)
Brunswick Corp, GATX, Campbell Soup, Woolworth

BUILDINGS (3)
Brown Jackson, McCarthy Stone, London Brick

...

AMEC

CHEMICALS (1)
Coates A NV

ELECTRICALS (4)
GEC, Racal Elect, Mnemos, SCUSA Inc

ENGINEERING (2)
Blackwood Hodge, Molins

INDUSTRIALS (4)
Combined Tech, Johnson Matthey, Fothergill Harvey, Macpherson (D.)

TEXTILES (1)
Corah

TRUSTS (2)
M. G. 2nd Dual Cap, Bonusbond

MINES (2)
Alex Corp, Falcon Mines

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Last Fri. close	Day's change
London Brick	22	102	+ 8
Atlantic Cmps.	16	280	+23
ICI	14	560	+10
Plessey	14	208	−14
Belgrave (B.)	13	21	+11
Debenhams	12	138	− 6
Ferranti	11	600	−10
GEC	11	183	− 7
Johnson Mthy.	11	232	− 2
Beecham	10	313	—
Racal Elect.	10	194	− 3
Sears Hldgs.	10	80	− 2
Unilever	10	842	—
Widney	10	15	+ 1½

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ◆ Figures or report awaited. § Placing price. 0 Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Britannia Arrow	83	−10
Charter Consolidated	230	− 7
Eagle Star	470	−10
GEC	178	− 5
Glaxo	750	−45
ICI	572	+12
Johnson Matthey	212	−20
Lloyds Bank	453	−10
London Brick	98½	− 3½
Plessey	198	−10
Rustenburg Plat.	700	+30
Woolworth	256	−11

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	9	84	5
Corpns. Dom. and Foreign Bonds	2	9	67
Industrials	190	308	885
Financial and Props.	40	135	344
Oils	20	25	69
Plantations	4	3	14
Mines	43	55	70
Others	33	99	47
Totals	341	711	1,504

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 10	Oct 21	Jan 5	Jan 16
Oct 24	Nov 4	Jan 19	Jan 30
Nov 7	Nov 18	Feb 2	Feb 13

For rate indications see end of Share Information Service

Stocks favoured for the call included London Brick, Strong and Fisher, Inter-City, Southwest Resources, Britannia Arrow, First National Finance, Racal, Turner and Newall, London and Liverpool, Mersey Docks, Premier Oil, Nimslo, ICL, Combined Technology, Hollis Bros and ESA, Eagle Star, Braham Millar, James Wilkes and North British Properties. No puts were reported. Doubles were transacted in Polly Peck, Harold Ingram, London Brick and Woodside.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	10	30.00	—	—	—	—	$400.50
GOLD C	$400	17	13	13	28 A	1	30 A	"

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Brit. Petroleum (*430)						
360	74	84	—	1½	3	—
390	44	66	66	1½	5	0
420	16	30	40	0	18	24
460	8	18	22	38	40	46
Cons. Goldfields (*539)						
600	42	52	72	5	14	20
630	12	68	48	27	47	52

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*128)						
110	18	85	85	1	8	3
180	9½	13	17	3½	0	2
130	6½	7	11	7	10	12
LASMO (*325)						
270	40	—	—	10	—	—
280	—	50	60	—	17	60
300	86	35	45	20	28	33
330	10	83	33	43	60	36

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102¾	100⅝	Exch. 13¼pc '83	100⅝	.....	13.45	9.13
100¾	98⅛	Exch. 10pc 1983	100⅛	.....	9.99	8.96
99¾	96¼	Funding 5½pc '82-84‡‡	99¾	+⅛	5.55	8.46
101⅛	99½	Exch. 11¼pc 1984	100½	−⅛	11.19	9.53
104⅜	100¾	Exchequer 14pc 1984	102⅛	−⅛	13.70	10.07
95¾	92⅞	Exch. 3pc 1984	95⅝	.....	3.13	9.64
102¾	100⅜	Treasury 12pc 1984	101⅞	−⅛	11.77	9.85
107¾	104⅜	Treasury 15pc 1985	105⅛	−⅛	14.20	10.42
107	101⅛	Exch. 12pc Cnv. '85	102⅛	−⅛	11.71	10.11
92⅝	88⅝	Treasury 3pc 1985	91⅛	−⅛	3.26	8.92
102½	99⅝	Treasury 11½pc 1985	101⅞	−⅛	11.28	10.24
102	95	Treas 8¾pc Cnv '85	97¾	−⅛	8.95	10.05
103⅝	100⅛	Exch. 12¼pc 1985	102⅞	−⅛	11.90	10.63
102⅝	99⅛	Exch. 11¾pc '86	102	−⅛	11.51	10.72
101⅛	97¾	Treas 10pc Cnv 1986	99½	−⅛	10.05	10.20
88½	85⅝	Treasury 3pc 1986	87⅛	−⅛	3.43	8.55
101⅛	97⅛	Exch. 10½pc Cv '86	99⅝	−⅛	10.56	10.76
103⅜	100⅛	Treasury 12pc '86	102⅜	−⅛	11.72	10.90
95⅝	94⅝	Treasury 8¼pc '84-86‡‡	95⅛	−⅛	8.90	10.45
114	108⅛	Treas. 12¼pc '86 Cnv.	108	−⅛	11.34	8.87
109⅛	105⅛	Exch. 14pc 1986	107½xd	−⅛	13.02	11.04
107⅛	103⅛	Exch. 13¼pc 1987	105⅛	−⅛	12.55	11.13
98⅛	95⅝	Tr 10¼pc Cv '87	98⅛	−⅛	10.43	10.85
84⅛	80⅛	Exchequer 2½pc 1987	81⅛	−⅛	3.07	8.90
100⅛	95⅝	Exch. 10½pc 1987	98⅝	−⅛	10.63	10.98
93⅛	88⅛	Funding 6½pc '85-87‡‡	89⅝xd	−⅛	7.27	10.14
21⅛	20	Treas 10pc '87 (£20pd)	20⅝	−⅛	10.26	10.92

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
28½	13½	♥ACM 20c	18½	−½	—	—	—
52	32	Allstate Expln NL	42		—	—	—
40	9	♥Australis Mng. NL	26	−1	—	—	—
25	11	Balmoral Resources	19		—	—	—
60	37	♥Black Hill Mins.	43	−1	—	—	—
85	51	♥Bond Corp.	76	−2	010c	♦	7.9
183	116	♥Bougainville 1 Kina	147	+3	m03.42c	1.2	1.4
372	204	♥CRA 50c	338		t03c	—	0.5
145	60	♥Carr Boyd 20c	77	+5	—	—	—
38	E	♥Central Kalgoorlie	38	+3	—	—	—
43	18	♥Central Pacific	30		—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

For Graig see Shipping

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	13	House of Fraser	20	Utd. Drapery	22
BOC Grp	20	I.C.I.	45	Vickers	12
B.S.R.	20	"Imps"	11	Woolworth Hld.	30
Babcock	15	I.C.L.	7		
Barclays Bank	45	Ladbroke	22	**Property**	
Beecham	32	Legal & Gen.	45	Brit. Land	8½
Blue Circle	45	Lex Service	32	Cap. Counties	14
Boots	16	Lloyds Bank	48	Land Sec.	20
Bowaters	22	"Lofs"	4	MEPC	20
Brit. Aerospace	19	London Brick	10	Peachey	16
B.A.T.	14	Lucas Inds.	15	Samuel Props.	15
Brown (J.)	3½	"Mams"	14	Town & City	4
Burton Ord.	35	Mrks. & Spncr	20		
Cadburys	15	Midland Bank	40	**Oils**	
Courtaulds	10	N.E.I.	10	Brit. Petroleum	38
Debenhams	14	Nat. West. Bank	55	Burmah Oil	17
Distillers	20	P & O Dfd.	21	Charterhall	9
Dunlop	6	Plessey	19	KCA	6
Eagle Star	45	Racal Elect.	20	Premier	6
F.N.F.C.	5½	R.H.M.	7	Shell	55
Gen. Accident	42	Rank Org. Ord.	28	Tricentrol	22
Gen. Electric	18	Reed Intnl.	32	Ultramar	65
Glaxo	75	Sears	6		
Grand Met.	30	T.I.	13	**Mines**	
G.U.S. 'A'	50	Tesco	17		
Guardian	45	Thorn EMI	55	Charter Cons.	28
G.K.N.	16	Trusthouse	16	Cons. Gold	58
Hawker Sidd	28	Turner & Newall	7	Lonrho	9
		Unilever	70	Rio T. Zinc	62

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

Authorised Units—continued

Equity & Law Un Tst Mngrs (a) (b) (c)
Amersham Rd. High Wycombe. 0494 33377

Euro Tst Acc	81.7	86.3xd	−0.2	1.42

Robert Fleming & Co Ltd
0 Crosby Square, EC3A 8AN. 01-638 5850

AmExFd*	£272.77	278.83	....	0.62
JapExFd*	162.75	167.07	....	1.10

Next subscription day Oct 17 1982
*Fleming American Property Unit Trust.
Latest issue price (15/8) US$18.567.
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (29 9) £2.070.
Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

Guardian Royal Ex Unit Mngrs Ltd (e)
Royal Exchange EC3V 3LS. 01-630 2020.

Gilt & Fixed	113.1	117.6	−0.6	9.70
Growth Eq	94.8	105.9	−0.8	2.58
Guardhill	176.7	103.1	−2.1	3.48
Nth Amer	96.0	104.2	−0.3	2.40
Pacific	185.5	113.5	−0.3	1.10
Prop Share	94.5	101.7	....	2.20
Smaller Cos	110.0	110.3	−1.5	1.71

H.B.L. Unit Trust Mngrs Ltd (s) (c) (g)
Premier NT Admin, 5 Rayleigh Rd. Hutton, Brentwood, Essex. 0227-227300

SmllerCosTst	50.0	52.5	+0.1	4.82
Nth Amer	40.0	51.2	....	2.27
JapanFarTst	53.9	50.4	−0.3	8.02
Scandinvn Tst	40.3	50.8	....	1.88

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP.

AustFrsGw	110.3	116.2	....
BrewinGtln	73.6	77.7	....
BrewinGtln	85.0	80.5	....
CapGwthFd	112.0	120.5	....

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq. Edinbgh 2.

CharlttsSqFd	47.9	49.9	+1.4
Penny Sh Fd	13.7	14.7	....
Aust & Pac	0.5	9.2	....
High Yield	10.6	31.1	....
Do Accum	20.7	22.2	....

MGM Unit Managers Ltd
MGM House. Heene Road. Worthing.

High Inc	133.5	132.8xd	−0.4
(Accum Uts)	129.4	130.1xd	−0.4
UK Growth	121.6	130.7xd	−0.7
(Accum Uts)	133.0	132.3xd	−0.0

MLA Unit Trust Management Ltd
Old Queen St, SW1A 0JG.

MLA Uts	183.8	192.0	....
MLA Int	20.8	31.0	....

The Money Market Trust
63 Qn Victoria St. EC4N 4ST.

Call Fund	—	—	....
7 Day Fund	—	—	....

†Unauthorised—Sterling Deposit Fund

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dam, Luxembourg. Tel 47971

Actibonds Ia	—	$10.99	....	—

Alliance Capital Management Intl Inc
92/93 Queen St. London EC4. 01-240 0851
Alliance International Dollar Reserves
Distribution Sept 19-25 (0.001663) (9.00% pa)

Health Care Oct 5	$9.20	....	—
Technology Oct 5	$24.50	....	—
Quasar Oct 5	$61.95	....	—

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port. Guernsey. 0481 26541

Tech&Coms	£9.05	9.00	....	—
IntGrowth	$16.22	19.31	....	—

Brown Shipley St Co (Jersey) Ltd
PO Box 583, St Helier, Jersey. 0534 74777

Jardine Fleming & Co Ltd
46th Floor, Connaught Centre, Hong Kong.

Curr & Bd	$13.05	14.02	+0.30
(Accum)	18.80	10.82	+0.41
Asean	$9.34	10.09	−0.60
(Accum)	30.34	10.00	−0.80
American	$9.20	0.96	−0.10
(Accum)	$0.28	0.98	−0.10
Mgd Cur	$10.18	10.60	+0.03
(Acum)	$10.16	10.60	+0.3

Lazard Brothers & Co (Jersey) Ltd
PO Box 100, St Helier, Jersey, CI.

LazBrFnrE	$14.40	15.32	....
CoGBd	$1.385 36	1.402.70	....
D'4edBdFd	$10.27	10.31	....
N Am Fd	$10.22	10.68	....

Lloyds Bank International, Geneva
PO Box 438, 1211 Geneva 11 (Switzerland)

L I Dollar	197.70	100.0	....
L I Grwth	SF896.5	940.5	....

Insurances—continued

Are you one of Europe's top 500 companies?

The FT European Top 500 survey gives the Financial Times a publishing first.

The FT has devised a way of measuring the value and performances of European companies – a way that is realistic and enables you to compare diverse companies offering a kaleidoscope of products and services.

The yardstick is market capitalisation – the value of each company's share (based upon information from leading European stock exchanges) multiplied by the number of shares in the company. And the survey ranks the top 500 companies.

13 European countries are represented in this year's list. Britain leads with 233 followed by West Germany with 79, on down to Norway, Finland and Ireland with less than 6.

The FT's tables rank the top publicly-quoted companies, including banks throughout Europe. And one table ranks the top UK companies, with an analysis of major UK trends.

The articles which accompany the figures explain some of the surprises – for instance why Marks and Spencer comes No. 48 measured by sales, but shoots up to No. 4 measured on the FT's market capitalisation scale.

The FT survey is a double-first. The first time European companies have been measured in a way which makes comparisons meaningful. And the first of what will now be an annual survey.

This 8-page survey gives you the base for future reference. Reprints are available price £2.50 from the addresses below.

No FT... no comment.

Reprints available from:- Nicola Banham, Financial Times, Bracken House, 10 Cannon Street, London, EC4P 4BY. Tel: 01-248 8000 or Susan Boswell, Financial Times (Europe) Ltd., Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1 Tel: 0611-7598. Price £2.50 (including postage).

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Save & Prosper—continued

Tyndall Managers Ltd.
18, Canynge Road, Bristol. 0272 732241

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man Fd		233.44		—
Managed Inv Fd	157.35	165.64		—
Property Fd.	151.07	159.03		—
Fixed Interest Fd	147.10	154.89		—
Cash Fd	135.95	143.11		—
Income Fd	171.47	180.50		—
Extra Income Fd	162.17	170.71		—
Worldwide Growth Fd.	231.62	243.82		—
Balanced Fd	172.42	181.50		—
Smlr Co's & Recy Fd	203.25	215.95		—
Int Technology Fd	270.97	285.24		—
Nth Amer & Gen. Fd.	160.18	179.14		—
Energy Int Fd	107.69	113.36		—
Pacific Basin Fund	132.81	139.38		—

British National Life Assurance Co. Ltd.
Hartands Rd, Haywards Heath. 0444 414111

Managed	112.4	118.3		—
Property	106.9	112.5		—
Equity	114.6	120.6		—
International	129.0	135.8		—
Fixed Interest	101.7	107.1		—
Deposit	99.1	104.3		—
Managed Pen. Cap.	113.2	119.2		—
Property Pens. Cap.	105.9	111.5		—
Equity Pens. Cap.	109.5	115.3		—
Intnl. Pens. Cap.	135.6	142.7		—
Fixed Int. Pens. Cap.	99.5	104.7		—
Deposit Pens. Cap.	97.1	102.3		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity. Gth Sept. 29		94.5		—
Rtmt Fed Aug 6		255.4		—
Managed Pen Fund	180.4	189.9		—
Property Pen Fund	113.7	119.7		—
Index Linked Pen Fund	111.1	117.0		—
Managed	121.4	127.8	−0.3	—
Property	104.0	109.5		—
Gilt and Fixed Interest	105.7	111.3	−0.3	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G7 Plan Bond Fund	122.9	129.4	−1.5	—
GT Pin High Yld Fnd	116.9	123.1		—
G7 Plan Far East Fnd	116.7	122.9		—
G7 Pin N Am Fund	142.9	150.5		—
G7 Pin UK&G.E. Fnd	131.9	138.9		—
GT Pin Wridwde Fnd	136.7	143.9		—
GT Pension Bnd Fnd.	132.1	139.1	−1.2	—
GT Pen High Yld Fd	133.2	140.3	−0.1	—
GT Pen Far East Fd	142.6	150.2		—
G7 Pen N. Am. Fd	210.1	221.2		—
G7 Pen UK & G E. Fd	152.6	160.7		—
G7 Pen Worldwide Fd	146.0	153.7		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St. EC3M 5DY. 01-488 0733

Intl Managed Bond	166.9	175.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		249.3		—
Portfolio Fd. Init.		204.7		—
Portfolio Fd. Cap.		238.3		—
Investment A nts.	249.2	262.4		—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd, B'mouth. 0202 767655

Managed Fd.	272.3	286.9		—
Money Fd	154.9	163.1		—
Equity Fd.	232.9	245.4		—
Fixed Int. Fd.	117.1	123.4		—
Property Fd.	171.0	180.2		—
Managed Pen. Fd.	248.0	261.3		—
Equity Pension Fd	185.4	195.4		—
Fixed Int. Pen. Fd.	163.5	172.3		—
High Yield Pen. Fd.	161.1	169.8		—
Money Pension Fd.	127.3	134.0		—
Property Pension Fd.	126.9	133.7		—

Gresham/Framlington

American & Gen. Fd.	264.4	278.6	+7.0	—

Lloyds Life Assurance—cont.

Gartmore Funds—Series A

American Oct d	176.6	185.9		—
British Oct 4	128.6	135.4		—
Commodity Oct 4	[illegible]	131.7		—
Extra Inc. Oct 4	[illegible]	121.3		—
Far Eastern Oct 4	[illegible]	100.6		—
High Inc Oct 4	[illegible]	115.6		—
Income Oct 4	[illegible]	148.9		—
Global Strategy Oct 4	[illegible]	176.8		—
Special Sits Oct 4	[illegible]	139.1		—
Gilt Oct 4	[illegible]	112.3		—
Japan Oct d	[illegible]	166.9		—
UK Small Co's Oct 4	[illegible]	120.7		—
Man Gwth Oct 4	[illegible]	157.9		—
Austrlia Oct 4	[illegible]	126.7		—
Oil & Energy Oct 4	[illegible]	128.6		—
Gold Share Oct d	[illegible]	83.8		—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	65.1	69.0		—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Oct. 1	61.0	65.8		—
MM Flexible Oct 6	52.3	55.2		—
Fixed Interest Oct 1	54.7	57.7		—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

See adjacent Page Mon-Fri and Stock Exchange Page Sat.

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU 01-680 0606

Property Fund		288.2		—
Property Fund (A)		280.5		—
Agricultural Fund		1,111.3		—
Agric. Fund (A)		1,082.2		—
Abbey Nat. Fund		227.9		—
Abbey Nat. Fd. (A)		228.9		—
Investment Fund		138.5		—
Investment Fund (A)		136.1		—
Equity Fund		410.6	−2.2	—
Equity Fund (A)		402.0	−2.2	—
Money Fund		215.9		—
Money Fund (A)		212.0		—
Actuarial Fund		218.6		—
Gilt-edged Fund		190.7	−0.4	—
Gilt-Edged Fd. (A)		190.7	−0.4	—
Retire Annuity		354.0		—
Immed Ann'ty		193.0		—
International Fd.		269.0	+0.1	—
Bldg. Soc. Life Fd.		104.5		—

Property Gth Pens & Annuities Ltd

All Weather Ac. Uts.	247.0	260.0		—
Inv. Fd. Uts.		294.3		—
Pension Fd. Uts.		252.7		—
Conv. Pens. Fd.		291.7		—
Cnv. Pns. Cap. Ut.		218.5		—
Man. Pens. Fd.		330.7		—
Man. Pens Cap. Ut.		257.7		—
Prop. Pens. Fd.		281.8		—
Prop. Pens. Cap. Uts.		213.7		—
Bldg. Soc. Pen. Ut.		253.6		—
Bldg. Soc. Cap. Ut.		195.1		—
Gilt Pens. Fd.		169.1	−0.2	—

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Kuala Lumpur markets could bring radical changes in tin pricing structure

BY JOHN EDWARDS, COMMODITIES EDITOR

RADICAL CHANGES in the world tin pricing structure could result from proposed oew markets to be launched in Malaysia next year. The existing Straits tio market in Penang, which sets the world price for tin, is to be reformed in association with the launeb of a new tin futures market in Kuala Lumpur, hopefully by March.

Mr Robert Gibson-Jarvie, wbo has been advising the Malaysian Government, said yesterday that it was planned to have two tin markets under the same umbrella.

Ooe would be a traditional futures market whicb would be added to the existing contracts (for palm oil and rubber) on the Kuala Lumpur Commodity Exchange.

The other market, run separately, would he a purely physical market that would replace the existing Penang pricing system, run by the smelters there.

It would use a procedure very similar to that used by the bullion brokers for the London gold "fixings," whereby purchases aod offerings were matched up to achieve a single price—the Kuala Lumpur daily spot quotation to be issued in the morning.

Initially, the offerings would be confined to tio from the Malaysian smelters, bot it is hoped they may be extended to inelude tin from other producers in the future.

However, sales will be allowed only of oewly produced tin. It is hoped the new market will provide greater flexibility for both produeers and consumers.

The Kuala Lumpur tin futures contract will deal io lots of only 1 tonne, compared with the minimum 5 tonnes on the London Metal Exchange.

It will trade in a spot mooth, the three following months and then alternate months op to a year forward. There will be a ceotral clearing system and prices will be quoted in Malaysian ringitts.

Mr Gibson-Jarvie stressed that although there would be obvious links between the futures and cash markets, they would be separate entities.

The price ranges of the International Tin Agreement, which decided the activities of the buffer stock, currently based on the Penang Straits tin qootation is expected te be switched to using the Kuala Lumpur physical spot price as a basis.

London traders yesterday were somewhat sceptical about the chances of the Kuala Lumpur futures exchange in particular establiching itself as an international trading centre.

Although the smaller lot size may encourage increased local speculative activity, it is feared the market may suffer from a shortage of physical supplies. International support may also be put off by baving to trade in Malaysian ringitts.

Meanwhile, on the London Metal Exchange yesterday, there was considerable confusion as the high grade tin cootract established a sizeable premium over the standard grade prices. Higher grade cash tin gained £85 to £8,665 e tonne, £20 above the three mooths quotetion, and £150 above the stendard grade cash price, which rose by only £90 to £8,515 a tonne.

It is believed the "squeeze" is on higher grade supplies following purchases by the buffer stock of the International Tin Council some three months ago now falling due for delivery.

£12 slide in LME copper prices reflects rise in warehouse stocks

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell back on the Londoo Metal Exchange yesterday, following yet another rise in warehouse stocks. Higher grade cash copper closed £12 lower at £974.5 a tonne, after opening on e firm note following Friday's gain.

A rise of 10,675 tonnes in the LME warehouse stocks of copper pushed total holdings up to 397,500 tonnes emphasising the over-abundance of supplies available at present.

Nickel stocks were also op by 264 to 26,202 tonnes. All other metal warehouse stocks fell. Aluminium by 1,025 to 245,500 tonnes; lead by 50 to 218,075; tin by 550 to 41,845; zinc by 1,900 to 110,625 tonnes, and LME silver holdings by 470,000 to 37,220,000 ozs.

The International Primary-Aluminium Institute reported yesterday that non-Communist world stocks of aluminium dropped at end-August to 3.867m tonnes compared with 3.929m at end July and 5.042m at end-August last year.

The sixth issue of Metal and Economic Trends, issued by Amalgamated Metal Trading yesterday, forecasts a continuing decline in aluminium stocks this year and next. But it claims that stocks will be adequate nevertheless and should prevent prices rising significantly above current levels.

The report predicts falling stocks for zinc too, and higher prices this year easing back next year. Improved consumer demand, and "massive shipments" to China, are expected 10 boost copper prices too.

At the American Metal Market forum in London yesterday, Mr John A. Wright, chairman of St Joe Minerals, said some 70 per cent of U.S. zinc needs may be supplied by imports by 1988. He said that zinc supplies in the U.S. market would be close to, or slightly below, demand while in the rest of the world there was likely to be an oversupply situation at least until the end of 1984.

Dr Heinz Schimmelbusch, a member of the Metallgesellschaft executive board, struck a gloomy note at the forum. He claimed that technological progress was reducing the relative importance of base metals in modern societies. As a result demand for base metals would rise less than average industrial production.

Speculative buying boosts coffee prices

By Richard Mooney

SPECULATIVE buying yesterday lifted nearby coffee values on the London futures market to the highest levels since the end of March.

Dealers said there was no fresh fundamental news to account for the rise, which took the January position to £1,871.50, up £25 on the day.

In Paris, Freoch brokers Michel Goldschmidt et Fils said coffee prices were likely to remain firm in the coming weeks because stocks in consuming countries were low and the high consumption winter period was approaching.

● BAD WEATHER has severely disrupted the closing stages of the Soviet grain barvest aod the overall crop total may be affected. The Soviet harvest is normally completed by mid-October but several million hectares are still waiting to be cut.

● MR AUSTEN LAING becomes ehelrmao of the Home Grown Cereals Authority from November 1, succeeding Sir George Huckle.

● THE U.S. Silver Institute reported that 9,251,840 ounces of silver was used for coins in 1982, an increase of 56 per cent from the previous year.

● THE SUMMER drought in the U.S. has hit poultry and red meat production. Cattle and pig producers lost animals because of the heat aod the weather is blamed for the death of an estimated m broiler chickens.

● ARAB FARMER Omar Buoekhella has paid a record £5,000 for an embryo calf. The Limousin embryo—sex onknown—has been implanted in an Ayrsbire cow which will be shipped to Bunckheila's farm in Medieloeville, Texas.

Welsh farmers seek facts on acid rain

By Our Commodities Staff

WELSH farmers are becoming iocreasingly concerned about the effect of acid raio oo farming. A delegatioo from the Farmers' Union of Wales met Welsh Water Authority officials yesterday to bear their current assessment of the problem.

Several lakes and rivers in Wales have very high levels of acidity and there are fears that acid rain—the result of sulphur emission from factories and power stations—could exacerbate naturally low ph levels on farming land. The authority is monitoring 40 points in Wales and testing waters from 100 streams and rivers.

Ivory Coast crop reports hold down cocoa values

BY RICHARD MOONEY

THE WEAK tone on the Londoo cocoa futures market was re-asserted yesterdsy as coofidence continued to grow that the Ivory Coast crop would be much bigger than bad beeo generally anticipated earlier in the season.

The March quotation, depressed by pre-weekend weakness on the New York market and stronger sterling, opened lower and was pushed down the £40 permissible limit by trade and speculator selling. After the mandatory trading break the decline continned and March cocos ended the day £50 down at £1,448.50 a tonne.

Dealers continued to attribute the underlying weakness of the market to re-assessment of West African crop prospects, particularly in the Ivory Coast, the world's biggest cocoa producer. Following adverse weather and bush fires early in the season an outturn as low as 300,000 tonnes had been forecast.

But receot inspection by London analysts haev indicated that damage estimates had been beavily overstated. Most traders oow expect the country's crop to be et least 400,000 tonnes

A feature of the market yesterday was the elimination during the day of the premium charged for the spot December position over the March, which had been around £6 s tonne

Malaysia cites dangers of over-expansion

By Wong Sulong in Kuala Lumpur

MALASIA has cautioned natural rubber producing countries not to over-produce, citing its own experience to underline the danger of expansion in the face of international recession and structural shifts in consumption.

Datuk Paul Leong, the Minister of Primary Industries, who opened an international rubber marketing conference in Knala Lumpur yesterday, said the Governmeot embarked on a "dynamic rubber production policy" under its fourth development plan (1981-85), based on various studies that demand would remain strong througbont the remaining century.

MP urges direct income aids for small farmers

BY OUR COMMODITIES STAFF

THE British Governmeot sbould support moves to provide direct income aids for small farmers under current proposals for reform of the EEC Commoo Agricultural Policy (CAP), according to a booklet* published yesterday hy the Conservative Political Centre.

Its sutbor, Mr Robert Jackson, the European Parliameot's rapporteur-general oo the budget, warns thet the emergence of a systematic policy of discrimination against the larger and more intensive farmers—wbo predominate in Britain—could place UK farming in double jeopardy.

Deep cuts in CAP price supports would hit the incomes of British farmers, while they would also face increased competitioo from protected rivals elsewbere in the EEC.

"If we find that some protection of small producers is inescapable we should argue for direct ineome aids to small producers rather than discriminatory levies in their favour," says Mr Jaeksoo, who is slso MP for Wantage and MEP for Upper Thames.

He explains that specific payments to specific farmers, hased oo a close examinatioo of their needs, would be more retional and easier to cootrol than complex taxes or abatemeots of levy in favour of wide categories of producers.

FAO launches discussions on fish resources

By Our Commodities Staff

FISHERIES experts from all over the world began a nine-day meeting in Rome yesterday to discuss methods for assessing fish resources and controlling exploitation of stocks.

The meeting is a technical prelude to the UN Food aod Agriculture Organisatioo (FAO) World Confereoce oo Fisheries Management aod Developmeot in Rome next June, which will be the first sucb conferenee since the general switcb to 200-mile national coastal limits.

Worldwide calches of fish bave trebled over the last 30 years hut the increase is oow levelling off.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 10 1983	+ or —	Month ago
Metals			
Aluminium	£1050		£1050
Free Mkt	$1585/1610		$1655/686
Copper			
Cash h grade	£974.5	−12	£1072.5
3 mths	£996.75	−12	£1101.75
Cash Cathode	£948.5	−11.5	£1040
3 months	£972.8	−11.5	£1069
Gold troy oz	$400.125	+0.25	$414.375
Lead Cash	£279.25	−1.25	£269
3 months	£288.875	−0.875	£279
Nickel	£4646.34		£4646.34
Free mkt	215/232c		225/256c
Palladium	$143.25	+3	$155.50
Platinum	£268.75	−1.30	£292.65
Quicksilver†	$320/330		$285/295
Silver troy oz	688.00p	+0.05	615.60p
3 mths	703.80p	+0.10	634.60p
Tin cash	£8515	+30	£8407.5
3 month	£8605	+37.5	£8525.5
Tungsten	$77.32		$74.81
Wolfam 22.04 lb	$79/83		$76/82
Zinc Cash	£562	−1.0	£572
3 mths	£576.75	−0.5	£586.0
Producers	$880		$880

	Oct. 10 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$850y		$956
Groundnut	$1095x		$1035
Linseed Crude	‡		£496.40
Palm Malayan	$570u		$640
Seeds			
Copra Phil	$680x		$648
Soyabean (U.S.)	$336.3w	−4.3	$370
Grains			
Barley Fut. Jan	£110.60	−0.65	£115.0
Maize	£144.00		£144.00
Wheat Fut. Jan	£122.90	−0.50	£124.15
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1517	−42	£1440
Fut. March	£1448.5	−50	£1384.8
Coffee Ft. Jan.	£1871.5	+25	£1697
Cotton A. Index	87.65c		91.95c
Gas Oil. Nov	$245.75		$253
Rubber (kilo)	75.50p	−1.5	74p
Sugar (Raw)	£170x	+2	£158
Wool t'ps 64s	400p kilo	−1	385p kilo

‡ Unquoted. w Nov. u Dec. x Oct-Nov. † Per 76 lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.40	+0.20
Iranian Light	28.05-28.15	+0.05
Arabian Heavy	26.45-26.50	+0.10
North Sea (Forties)	29.45-29.55	+0.05
North Sea (Brent)	29.80	+0.45
African Bonny L'ht	29.90-30.00	+0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	284-087	+0.5
Gas oil	242-252	+5.0
Heavy fuel oil	168-170	−1.0

GAS OIL FUTURES

Nervousness about the Middle East caused the market to come in $2.00-3.00 higher and remain steady through the morning. A sharp rally to the highs on the reopening was short-lived and the market dipped back to the opening levels before finding renewed buying, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct	248.50	+4.25	248.50-46.50
Nov	253.00	+4.00	254.00-51.25
Dec	255.75	+4.00	257.75-54.00
Jan	253.75	+3.75	257.75-54.50
Feb	246.00	+5.25	255.75-52.25
Mar	242.50	+4.25	251.00-47.25
April	241.00	+1.00	242.00-31.00
May	243.00	+7.00	—
June	245.00	+8.25	—

Turnover: 2,851 (1,839) lots of 100 tonnes.

GOLD MARKETS

Gold rose just $½ an ounce from Friday's close in the London bullioo market yesterday to finish at $399¾-400¼. The metal opened at $401¾-402 and traded between a high of $402-402½ and a low of $399-399½. Trading was rather quiet and uneveotful in view of the closure of many U.S. markets for Columbus Day.

In Frankfurt the 12½ kilo bar was fixed at DM 33,150 per kilo ($400.52 per ounce) against DM 32,935 ($397.33) and closed at $400-400½ from $397¼-397¾.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $399.25 from $395.75.

In Paris the 12½ kilo bar was fixed at FFr 102,150 per kilo ($401.19 per ounce) in the afternoon compared with FFr 102,150 ($402.22) in the morning and FFr 101,500 ($399.81) on Friday afternoon.

In Zurich gold finished unchanged from Friday at $399-402.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Oct	398.00-01.0	—	—
Dec	404.50-04.8	+0.45	407.40-04.0
Feb	410.90-11.1	+0.50	—
April	417.40-17.8	+0.65	417.80-17.4
June	423.40-24.4	+0.45	—
Aug	430.00-32.0	+1.00	—

Turnover: 624 (388) lots of 100 troy ounces.

	Oct. 10		Oct. 7	
Gold Bullion (fine ounce)				
Close	$399½-400½	(£264½-265)	$399¾-400¼	(£265-265½)
Opening	$401¾-402	(£265-265½)	$395½-396¼	(£264-264½)
Morning fixing	$399.25	(£263.271)	$395.70	(£263.589)
Afternoon fixing	$401	(£264.372)	$397.40	(£263.955)

Gold Coins Oct. 10					
Krugrnd	$412-412¾	(£270¾-273¼)	King Sov	$95-96½	(£63-64)
½ Krg	$219-010	(£140¼-141)	Victoria Sov	$95-96½	(£63-64)
¼ Krg	$108-109	(£71½-72¼)	French 20s	$82-83¾	(£54¼-55½)
1/10 Krug	$44-46	(£29-29¾)	50 pesos Mex	$486-488	(£321¾-323)
Mapleleaf	$412¼-413	(£275¾-273¼)	100 Cor. Aust	$590-394	(£258-260¼)
New Sov	$94¼-94¾	(£62½-62¾)	$20 Eagles	$590-600	(£390½-397)
½ New Sov	$56-58	(£37-38¼)			

EUROPEAN MARKETS

ROTTERDAM, October 10

Wheat—(U.S. $ per tonne): U.S. Two Red Winter Oct 156, Nov 158, Dec 162, Jan 164. U.S. Northern Spring 14 per cent protein Oct 184.50, Nov 185, Dec 187, Jan 192. U.S. Three amber durum Oct 204, Nov 202, Nov 20/Dec 20 204, Dec 206, April/May 210. Canadian Western Spring Oct 20/Nov 206, Nov 15/Dec 15 211.

Maize—(U.S. $ per tonne): U.S. Three Yellow afloat 162, Oct 160.25, Nov 160, Dec 160, Jan/March 161.50, April/June 163 sellers. Argentine mid-Oct/mid-Nov 172 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow gulfports Oct 330.30, Nov 329.75, Dec 333.80, Jan 338, Feb 341.50, March 344.25, April 344.10, May 344.50, Nov 270.50, Dec 276, Jan 282 sellers. Argentina Oct 326.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 261, Oct 261, Nov 266, Dec 270, Nov/March 276 sellers. Pellets Brazil afloat 283, Oct 287, Nov 293, Dec 297, April/Sept 282 sellers. Pellets Argentine afloat 267, Oct 277, Nov 277, Dec 282 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper values fell on news of another increase in warehouse stocks with forward metal dipping to £992 before a minor rally to £995.5. Tin responded to a sharp rise at Penang and a squeeze as high grade supplies which produced a £100 premium on high grade over standard material. Three months standard metal touched £8,640 before easing to close at £8,595. Nickel moved ahead on persistent demand from one quarter which lifted the quotation to £3,245 prior to a closing level of £3,202.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	973-.5	−7.25	974-.5	−12
3 months	995-.5	−8	996.5-7	−12
Settlem't	973.5	−8	—	
Cathodes				
Cash	949-.5	−4.75	948-9	−11.5
3 months	971-3	−6	972-3	−11.5
Settlem't	949.5	−5.5	—	
U.S. pro'd	—		*73.5-7	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £973, three months £993.50, 94, 95, 96, 95.50, 95, 95.50. Kerb: Higher Grade, three months £997, 97.50, 98, 98.50. Afternoon: Higher Grade: Three months £997, 98, 98.50, 97, 97.50, 96, 97, 96.50, 96, 95.50, 96. Kerb: Higher Grade: Three months £996, 95.50, 95, 96, 95.50, 95, 96, 95.60, 96. Turnover: 35,625 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grde	£	£	£	£
Cash	8630-40	−107	8660-70	+85
3 months	8640-50	+70	8640-50	+20
Settlem't	8640	+115	—	
Standard				
Cash	8510-20	+67.5	8510-20	+30
3 months	8600-5	+47	8600-10	+37.5
Settlem't	8520	+60	—	
Straits E.	$30.20	+0.60	—	
New York				

Tin—Morning: Standard: Cash £8,520, 10, 12, three months £8,610, 8,600, 8,590, 8,600. High Grade: Cash £8,630, three months £8,640. Kerb: Standard: Three months £8,605, 8,600. High Grade: Three months £8,655. Afternoon: Standard: Three months £8,605, 8,600. High Grade: Three months £8,650. Kerb: Standard: Three months £8,590. Turnover: 2,855 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	280.5-1	−2.75	279-.5	−1.25
3 months	285.5-90	−2.62	288.75-9	−.875
Settlem't	281	−3	—	
U.S. Spot	—		*22.5	

Lead—Morning: Three months £290, 91, 91.50, 91, 90.50, 90. Kerb: Three months £290, 89. Afternoon: Three months £288, 88.50. Kerb: Three months £288. Turnover: 8,300 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	559-60	−4.75	561-2.5	−1
3 months	574.25-5	−4.87	576.5-7	−.5
Settlem't	560	−5	—	
Primw'ts	—		*46-.75	

Zinc—Morning: Three months £575, 74.50, 75, 75.50, 76, 75, 74.50, 74. Kerb: Three months £576. Afternoon: Three months £578, 76.50. Kerb: Three months £576, 77, 77.50. Turnover: 7,100 tonnes.

ALUMINIUM

Aluminim	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	1070-1	+7.75	1069-70	+7
3 months	1067.5-8	+5	1096.5-7.5	+7.75

Aluminium—Morning: Three months £1,095, 96, 97, 97.50, 97, 99, 98, 98.50, 99, 98.50, 98, 97.50. Kerb: Three months £1,099, 98, 99. Afternoon: Three months £1,099, 98.50, 97, 98, 97. Kerb: Three months £1,096, 95. Turnover: 24,075 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3160-70	+40	3125-35	+35
3 months	3035-40	+45	3200-10	+27.5

Nickel—Morning: Three months £3,215, 20, 25, 40, 45, 35, 30, 35. Kerb: Three months £3,330. Afternoon: Three months £3,235, 30, 25, 20, 15, 10, 05, 3,200. Kerb: Three months £3,200. Turnover: 2,628 tonnes.

SILVER

Silver was fixed 0.05p an ounce higher for spot delivery in the London bullion market yesterday at 688.0p U.S. equivalents of the fixing levels were: spot $10.434, up 11.1c; three-month $10.683, up 12c; six-month $10.931, up 12.8c; and 12-month $11.419, up 8.5c. The metal opened at 684-686p ($10.51-$10.56) and closed at 688-690p ($10.41-$10.45).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	688.00p	+0.05	688.5p	−5.5
3 months	703.80p	+0.15	704.75p	−4.75
6 months	719.75p	+0.25	—	
12months	750.40p	−2.35	—	

LME—Turnover 115 (76) lots 10,000 ozs. Morning: Three months 703.0, 08.0, 08.5, 09.0, 08.5. Kerb: unraded. Afternoon: Three months 703.5, 04.5, 04.6, 04.5. Kerb: Three months 706.0.

COCOA

A £30 lower opening call set levels which were maintained throughout a dull morning and the early afternoon. However, a mid-afternoon limit-down heralded a further decline and the closing call was at the lower, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1461-62	−41.5	1480-56
March	1448-49	−50.0	1475-45
May	1462-65	−45.0	1486-60
July	1477-78	−47.0	1497-75
Sept	1490-51	−47.5	1506-90
Dec	1495-05	−47.5	1507-05
March	1510-20	−43.5	—

Sales: 3,609 (3,020) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Oct 10: 96.12 (93.37); five-day average for Oct 11: 95.93 (96.87).

COFFEE

Following early commission house buying, futures surged ahead in moderate volume, reports Drexel Burnham Lambert. Fresh contract highs were established in some positions before trade resistance eventually prompted a slight retracement towards the close.

COFFEE	Yest'day's Close	+ or —	Business Done
Nov	1886-88	+30.5	1891-40
January	1871-72	+55.0	1881-35
March	1766-67	+15.0	1773-44
May	1729-25	+10.5	1731-05
July	1690-92	+8.0	1698-90
Sept	1669-72	+6.5	1679-72
Nov	1649-50	+6.5	—

Sales: 3,370 (4,489) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for Oct 7: Comp daily 1979 134.66 (134.93); 15-day average 130.01 (129.50).

GRAINS

Wheat and barley came under further long liquidation, reaching £1 down, before meeting profit-taking. New crops eased in sympathy, reports Muirpace.

WHEAT			BARLEY	
Mnth	Yestrday's close	+ or —	Yest'day's close	+ or —
Nov	119.45	−0.55	116.40	−0.65
Jan	122.90	−0.50	119.60	−0.65
Mar	125.55	−0.45	123.00	−0.60
May	128.50	−0.45	124.20	−0.65
July	131.40	−0.45	—	
Sept	119.50	−0.65	115.90	−0.85

Business done—Wheat: Nov 119.70-9.05, Jan 123.00-2.65, March 125.75-5.25, May 128.65-8.20, July 131.50-1.35, Sept untraded. Sales: 388 lots of 100 tonnes. Barley: Nov 116.60-6.00, Jan 119.85-5.50, March 122.55-1.90, May 124.50-4.00, Sept 116.00 only. Sales: 241 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Nard Northern Spring No. 1 14 per cent, Oct 132.25, Nov 133.25, Dec 134.50 transhipment East Coast. English feed fob, Jan/March 128 East Coast. Maize: French, first-half Oct 144, second-half Oct 144.50, Nov 145 transhipment East Coast. Barley: English feed fob, Oct/Dec 122, Jan/March 126 East Coast. Rest unquoted.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 555.0, 557.0, 558.0-554.0; Dec 559.0, 561.0, 559.5-558.0; March 577.0, 578.0, 578.0-577.0; May 587.0, 589.0, untraded; July 605.0, 606.0, 605.0; Oct 601.0, 602.0, 601.0; Dec 612.0, 615.0, untraded; March 622.0, 625.0, untraded. Sales: 90.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg). Oct 424, 430, 428; Dec 414, 420, 419-418; Jan 414, 420, 419-415; March 414, 417, 423-415; May 425, 427, 432-428; Aug 443, 444, 444-443; Oct 442, 444, 444; Dec 447, 448, 448; Jan 450, 458, nil; March 458, 465, 465. Sales: 118.

POTATOES

Weekend rain put the market up initially, but prices were not sustained at the higher levels and eased back in relatively quiet conditions to close about steady, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	153.50	151.50	156.00-152.0
Feb	192.00	188.30	192.50-190.0
April	228.00	224.50	232.00-228.4
May	235.40	229.50	238.50-231.0
Nov	81.00	81.00	—

Sales: 1,033 (919) lots of 40 tonnes.

RUBBER

The physical market opened slightly easier, drifted lower throughout the day and closed idle, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No. 1 was 254.25 (252.0) cents a kg and for SMR20 210.0 (same).

No. 1 R.S.S.	Yest'day's close	Previous close	Business Done
	£ per tonne		
Nov	757-759	783-785	757
Dec	758-760	780-785	758
Jan-Mch	756-767	775-775	771-765
Apl-Jne	784-785	793-794	786-785
Jly-Sept	799-800	808-810	801
Oct-Dec	814-815	820-825	—
Jan-Mch	830-831	835-841	833-830
Apl-Jne	845-849	853-855	—
Jly-Sept	859-866	867-873	—

Sales: 107 (197) lots of 15 tonnes, 2 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were Spot 75.50p (77.00p); Nov 77.00p (78.00p); Dec 77.50p (78.50p).

SOYABEAN MEAL

The market opened £2 down in quiet trade, reports T. G. Roddick. Prices eased on long liquidation to close on the lows.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
October	—	—	—
Dec	152.00-55.10	−4.90	156.00-55.00
Feb	158.50-56.90	−4.45	161.00-59.00
April	157.00-59.50	−4.50	—
June	158.70-57.90	−4.15	—
August	157.00-57.50	−5.50	—
October	173.40-80.00	−5.50	180.00

Sales: 108 (58) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £170.00 (£168.00) a tonne for Oct-Nov shipment. White sugar £188.00 (£188.00).

The market lifted some £2.00 from pre-weekend levels following reports from the USSR that millions of tonnes of beets had been lost in the Ukraine due to transport and refinery problems, reports C. Czarnikow.

No.4 Con-tract	Yest'day's close	Previous close	Business done
	£ per tonne		
Dec	184.00-84.75	182.10-82.50	185.75-83.50
Mar	191.40-91.50	190.00-90.25	193.50-89.75
May	196.40-96.50	195.65	197.50-95.50

Sales: 2,717 (6,607) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £278.25 (same) a tonne for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for Oct 7: Daily price 10.41 (10.20); 15-day average 9.43 (9.34).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 1,041 tonnes. Users were again anxious to supplement existing stocks. Further purchases in Middle Eastern qualities were recorded with some support in African growths.

TEA AUCTIONS

LONDON TEA AUCTION—20,908 packages were on offer at this week's sale. A very strong demand prevailed. New seasons Assams continued to meet with keen competition and prices advanced by 5-18p. Bangladesh teas also sold readily with brighter lines considerably dearer. African CTCs were well supported and closed 2-6p higher apart from dust grades which were irregular throughout. Quotations: quality 190p a kg (180p), medium 170p a kg (166p), low medium 150p a kg (144p).

JUTE

JUTE—C and f Dundee Oct BWC £307.50, BWD £273, BTB £338, BTC £307, BTD £273.50; c and f Antwerp BWC £308.50, BWD £272, BTC £305, BTD £272.50; c and f Dundee Oct 40 in 10 oz £15.55, 40 in 7½ oz £12.02; 9 twills £49.54.

INDICES

FINANCIAL TIMES

Oct. 7	Oct. 6	M'th ago	Y'ar ago
257.14	256.28*	251.46	229.49

(Base: July 1 1952=100)

REUTERS

Oct. 10	Oct. 7	M'th ago	Y'ar ago
1890.7	1899.3	1611.2	1508.0

(Base: September 18 1931=100)

MOODY'S

Oct. 7	Oct. 6	M'th ago	Year ago
1051.4	1049.0	1083.4	972.1

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Oct. 7	Oct. 6	Month ago	Year ago
Spot	140.51	135.89	145.95	122.88
Fut's	146.35	146.44	153.52	131.84

(December 31 1931=100)

* Corrected

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle, 95.88p per kg lw (+0.39). GB—Sheep, 131.89p per kg est dcw (+7.89). GB—Pigs, 77.57p per kg lw (+0.66).

SMITHFIELD—Pence per pound. Beef: Scotish killed sides 80.0 to 88.0. Veal: Dutch hinds and ends 144.0 to 148.0. Lamb: English small 58.0 to 64.0, medium 58.0 to 62.0, heavy 56.0 to 58.0; Imported: New Zealand PL 59.5 to 60.0, PX 57.0 to 57.5. Pork: English under 100 lbs 50.5 to 55.5, 100-120 lbs 48.0 to 53.0, 120-160 lbs 42.0 to 52.0.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£7.00, codlings £4.50-£4.80; medium haddock £2.80-£3.40, small £2.00-£3.00; medium plaice £3.00-£6.00, best small £4.00-£4.60; skinned dogfish (large) £12.00, (medium) £9.00; lemon sole (large) £11.00, (medium) £9.40; rockfish £2.40-£3.50; reds £2.00; saithe £2.50-£2.80.

English produce: Apples—per pound, Bramley new season 0.10-0.14, Howgate 0.08, Worcester Pearmain 0.16-0.22, Cox's 0.14-0.22, Russet 0.18-0.20, Charles Ross 0.12-0.14. Pears—Per pound, Comice 0.14-0.20, Conference 0.08-0.15. Strawberries—8-oz 0.35-0.50 according to condition. Raspberries—4-oz punnets 0.40-0.70 according to quality. New Potatoes—4.00-5.00. Mushrooms—Per pound, open 0.60-0.70, closed 0.80-1.00. Lettuce—Per tray round 0.80-1.30, Webb's 2.00-2.30, Cos 1.80-2.00, Iceberg per dozen 7.00-8.00. Onions—Per 55-lb 3.80-4.00. Cabbages—Per 25-lb Primo 2.60-3.00. Greens—28-lb, Kent 2.00-2.80. Cauliflowers—12's Lincoln 2.60-3.00, Kent 3.00-3.80. Cucumbers — 2.80-3.20. Tomatoes—Hothouse, 12-lb 1.20-1.30. Celery — 3.00-3.80. Beetroots — 28-lb 2.00-2.20. Turnips—28-lb 2.00-3.00. Swedes—28-lb 1.20-1.80. Capsicums—Green per pound 0.22-0.26. Corn Cobs—Each 0.08-0.14. Leeks—Per pound 0.22-0.25. Carrots—28-lb 1.20-1.80. Parsnips—28-lb 2.40-2.60. Courgettes—Per pound 0.15-0.20. Stick Beans—Per pound 0.18-0.22. Sprouts—Per pound 0.15-0.20. Fennel—Per pound 0.25-0.30. Calabrese—Per pound 0.50.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Clementines — Spania: 6.60-7.20. Oranges—Outspan: Valencia Lates 56 7.70, 72 7.70, 88 7.60, 112 5.60, 138 6.30, 150 6.30; Brazilian: Valencia Lates 5.50-7.00; Uruguayan: 6.60-7.20. Lemons—Outspan: carton 9.00-12.00, small sizes 5.00-8.00; Italian: carton 7.50-8.50; Turkish: 7.50-8.00; Cyprus: trays 5.50-7.00. Grapefruit—Outspan: 27 5.70, 32 5.70, 36 5.90, 40 5.80, 48 7.40, 56 7.40, 64 7.40, 72 6.00; Honduras: box 6.00-6.50; Dominican: 5.80-6.60; Cuban: 4.90; Jaffa: 32 5.80, 36 6.00, 40 6.20, 48 5.85, 58 5.65, 64 5.40. Apples—French: Golden Delicious (new crop) carton 6.00-6.20, half-carton 3.00-3.20, Granny Smith carton 9.40-9.60, half-carton 4.50-4.80, Starkrimson, carton 6.50-7.00; Italian: Red Delicious 9.9 kg 2.20. Pears—French: per pound, Williams 0.14-0.15; Italian: Williams 0.18-0.20. Grapes—Italian: per pound, Italia 0.30-0.34; Spanish: Italia 0.30-0.35, Almeria 0.18-0.22, Napoleon 0.26-0.28. Nectarines—Italian: large trays 7.60. Plums—Italian: per pound, President 0.25-0.27. Water-melons—Spanish: 15 kg 2.00-2.40. Melons—Spanish: yellow 10 kg 3.20-3.60, Green 3.20-3.60; Spanish: Galia small tray 5.50-6.00. Bananas—Colombian: 40 lb boxes 10.30-10.50. Avocados — Canary: 5.50-6.00; Israeli: 5.80-6.00. Pineapples — each, Kenyan: 1.20-1.80; Ivory Coast: 0.45-1.40; Cape: 0.50-1.00. Paw Paws—Brazilian: 6.00-7.00. Mangoes—Israeli: 7.50-8.00. Fennel—Italian: 9 kg 6.00-6.50. Figs—Smyrna: 48's a 8.00 to 8.60. Kiwifruit—New Zealand: 6.00-6.20. Tomatoes—Spanish: tray 1.80-2.00; Dutch: tray 1.80-2.20, beefsteak 3.40-3.60. Aubergines—Dutch: 5 kg 5.00-6.00. Onions—Spanish: Grano 25 kg nets 3.80-4.00, Zaragoza 4.20-4.40; Dutch: 50/70mm 4.00. Capsicums—Dutch: yellow 6.00-6.20, green 3.50, red 5.00. Cabbages—Dutch: red 5.50, white 5.20.

AMERICAN MARKETS

NEW YORK, Oct. 10

Late commission and local buying in precious metals reversed the midday trend: gold and silver found good support at the low levels. Copper prices were strong on technical and fundamental support as attempts to test the recent lows failed; short-covering on the close established new highs on this recovery. Sugar prices were lower on very light volume; early strength was based on rumours that Soviets had transportation problems; trade selling followed by locals selling managed to push prices lower. The coffee market was sharply higher on continued concerns about spot supplies in New York and London with roasters selling, with buying provided by speculators. Cocoa was moderately higher on trade buying and on arbitrage buying but some of the strength was dissipated on commission house selling. Cotton opened weaker as weather forecasts improved and commission liquidation touched off spot selling which was reversed late in the day on the rally in soyabeans. Heating oil traded sharply higher on reports that France sent new military jets and missiles to Iraq: trade responded with heavy buying on concerns over escalating the Iranian conflict. Hedging pressure in the grains and soyabeans resulted in a weak opening which led to massive technical and local selling accompanied by long liquidation. However, professional buying forced the new shorts out ending the day with net moderate gains for soyabeans and slight losses for wheat and maize, reports Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2058	2060	2007	2032
March	2077	2080	2031	2059
May	2097	2083	2060	2070
July	2105	—	—	2100
Sept	2120	—	—	2115
Dec	2135	—	—	2130

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	143.91	143.99	142.15	141.10
March	138.74	138.75	137.25	136.09
May	134.90	134.80	133.25	132.20
July	131.50	131.00	130.10	129.25
Sept	128.50	129.00	128.00	127.50
Dec	126.40	126.40	126.40	125.70
March	124.25	—	—	122.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	67.35	—	—	66.10
Nov	67.75	—	—	66.50
Dec	68.35	68.50	67.00	67.10
Jan	69.05	68.75	67.00	67.80
March	70.40	70.50	69.10	68.15
May	71.80	71.70	70.45	70.56
July	73.20	72.20	72.05	71.95
Sept	74.60	74.20	73.40	73.30
Dec	75.75	76.20	75.50	75.35
Jan	77.45	—	—	76.00

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	77.23	77.55	76.35	75.85
March	78.70	75.00	78.00	77.40
May	79.40	79.45	78.50	78.00
July	79.75	80.00	79.35	79.80
Oct	—	—	—	80.10
Dec	74.10	74.20	73.85	75.30
March	75.00	—	—	74.40

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	403.2	404.0	401.1	400.3
Nov	405.1	—	—	402.0
Dec	408.4	408.8	403.8	405.3
Feb	415.0	415.4	410.5	411.8
April	421.5	421.7	415.8	418.3
June	428.4	428.8	425.0	425.1
August	435.3	434.8	432.0	431.8
Oct	442.3	—	—	438.9
Dec	449.5	450.0	448.5	446.2
Feb	457.1	455.4	455.4	453.5
April	464.8	460.0	460.0	461.1
June	472.5	—	—	468.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Nov	82.83	82.90	82.10	81.44
Dec	84.03	84.10	83.35	82.73
Jan	84.09	84.15	83.40	82.75
Feb	83.22	83.25	82.50	81.89
March	80.74	80.80	80.21	79.60
April	79.25	79.30	79.25	77.65
May	78.00	78.90	78.00	77.60
June	77.70	—	—	77.20

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	119.75	120.10	118.90	119.90
Jan	113.00	114.20	112.60	114.20
March	110.00	110.90	109.25	111.00
May	109.80	110.80	109.00	110.75
July	109.50	110.05	109.70	110.50
Sept	109.00	—	—	110.70
Nov	108.25	109.00	109.00	109.25
Jan	109.00	—	—	109.25
March	109.50	—	—	109.25

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	406.4	406.5	403.0	404.5
Dec	412.1	409.0	406.0	410.5
Jan	414.1	414.5	410.0	412.8
April	420.75	421.0	417.0	418.1
July	428.4	428.5	425.0	426.8
Oct	436.1	—	—	434.5
Jan	450.0	—	—	441.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	1063.2	1062.0	1038.0	1044.2
Dec	1077.0	1078.0	1048.0	1058.0
Jan	1085.9	—	—	1066.7
March	1102.7	1105.0	1075.0	1083.8
May	1122.7	1124.0	1096.0	1102.2
July	1141.7	1137.0	1120.5	1120.5
Sept	1160.7	1133.0	1139.0	1139.0
Dec	1189.7	1173.0	1165.0	1168.4
Jan	1199.2	—	—	1178.3
March	1210.2	—	—	1197.8

SUGAR WORLD "11" 112,000 lb cents/lb

	Close	High	Low	Prev
Jan	11.33	11.51	11.45	11.60
March	11.67	11.94	11.62	71.98
May	12.02	12.30	12.00	12.24
July	12.29	12.80	12.29	12.53
Sept	12.50	12.73	12.50	12.73
Oct	12.65	12.95	12.65	12.88
Jan	12.98	—	—	13.20
March	13.38	13.60	13.60	13.57

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	60.70	60.80	60.10	60.36
Dec	59.80	59.90	59.05	58.80
Feb	59.05	59.30	58.75	58.37
April	61.47	61.60	61.35	61.80
June	63.67	63.00	63.60	64.07
Aug	62.90	63.15	62.75	63.10

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	40.92	41.40	40.75	41.05
Dec	40.20	40.97	40.15	41.12
Feb	43.25	44.05	43.07	44.10
April	43.75	44.45	43.75	44.57
June	49.15	49.90	49.10	50.05
July	51.15	51.75	51.00	51.82
Aug	50.50	50.75	50.60	51.05
Oct	50.25	50.50	50.25	50.80
Dec	52.37	52.37	52.00	52.80

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
Dec	347.6	348.4	344.6	348.2
March	350.0	350.6	348.2	351.8
May	351.5	352.0	348.2	353.6
July	350.2	350.4	347.6	351.6
Sept	323.0	322.0	316.0	324.0
Dec	302.0	302.0	298.4	302.2

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	56.50	56.75	56.20	56.97
March	56.82	57.05	56.45	57.45
May	58.72	58.90	58.36	58.15
July	59.65	60.00	59.36	60.00
Aug	58.50	59.00	58.40	59.02

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Nov	853.0	853.0	830.0	848.4
Jan	866.0	868.0	836.0	858.4
March	875.0	875.0	848.0	871.0
May	876.0	876.0	847.0	872.0
July	867.0	867.0	837.0	861.4
Aug	830.0	832.0	812.0	832.0
Sept	756.0	856.0	740.0	758.0
Nov	684.0	685.0	666.0	684.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	231.5	231.5	223.5	228.5
Dec	236.5	236.5	228.3	233.3
Jan	237.0	237.0	229.0	234.0
March	237.6	237.0	230.8	236.0
May	238.5	238.5	231.0	236.5
July	239.0	239.0	231.5	237.0
Aug	225.4	227.0	224.0	227.3
Sept	217.0	217.0	213.0	213.0
Oct	195.0	195.5	191.5	200.5
Dec	200.0	200.0	192.0	198.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	29.70	29.85	29.20	30.15
Dec	30.20	30.36	29.61	30.26
Jan	30.30	30.48	29.78	30.36
March	30.25	30.40	29.76	30.76
May	29.75	29.79	29.10	30.10
July	29.05	29.10	28.35	29.35
Aug	27.79	27.80	27.00	27.80
Sept	26.25	26.00	25.80	26.50
Oct	24.30	24.10	23.95	24.80
Dec	24.80	23.85	23.85	24.35

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Dec	369.6	369.4	363.0	369.4
March	379.4	380.0	376.0	380.2
May	384.0	385.4	381.0	387.0
July	371.4	374.4	368.4	375.0
Sept	376.4	379.0	377.4	380.0
Dec	390.0	391.4	390.0	394.4

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. New York tin 592.0-601.0 (585.0-93.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling gain ground

The dollar and sterling were generally firm, in quite active foreign exchange trading despite the closure of New York for Columbus Day. Eurodollar interest rates had a slightly firmer tone following Friday's surprising rise of $600m in U.S. M1 money supply. Details of the August Federal Open Market Committee meeting showed no change in credit policy however, and no alterations are thought to have taken place at last week's meeting. Fears of increased hostilities between Iran and Iraq on the delivery of five French Super-Etendard jets to Baghdad may have encouraged demand for the dollar, and sterling was also helped by speculation that a flare up in the Gulf area could add to the attractions of North Sea oil.

DOLLAR — Trade-weighted index (Bank of England) 125.6 against 122.6 six months ago. The dollar has retreated from the peaks touched in August, amid growing hopes that a sustained fall may be imminent. This follows better money supply figures and a slight easing of interest rates. The large U.S. Budget deficit is likely to restrain the fall in interest rates and the dollar, but downward pressure on the currency will continue from the substantial trade deficit.

The dollar rose to DM 2.5885 from DM 2.5645 against the D-mark; FFr 7.9260 from FFr 7.8670 against the French franc; SwFr 2.1030 from SwFr 2.0850 in terms of the Swiss franc; and Y232.85 from Y230.65 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. September average 1.4991. Trade-weighted average 83.9 against 84.1 at noon, 83.8 at the opening, 83.2 at the previous close, and 80.6 six months ago. The pound has tended to weaken recently, although the decline against Continental currencies is probably welcomed, and has not prevented the long awaited cut of ½ per cent in London clearing bank base rates.

Sterling opened at $1.5120-$1.5130, and touched a peak of $1.5190-1.5200, before closing unchanged at $1.5100-1.5110. The pound rose to DM 3.9125 from DM 3.87; FFr 11.97 from FFr 11.8725; SwFr 3.18 from SwFr 3.15; and Y352 from Y348.

DEUTSCHEMARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. September average 2.6683. Trade weighted index 127.4 against 131.0 six months ago. Until the recent easing of U.S. M1 money supply, the Deutschemark had been at its lowest level against the dollar for nearly 10 years, reflecting the large differential in interest rates. However there now appears to be a gradual shift in emphasis towards economic fundamentals with the Deutschemark looking increasingly attractive on this basis.

Trading was subdued in Frankfurt yesterday with the closure of U.S. centres. The dollar rose to DM 2.5829 from DM 2.5745 without any intervention by the Bundesbank, while sterling improved to DM 3.918 from DM 3.863. The Swiss franc was slightly weaker at DM 1.2316 from DM 1.2330. The dollar's firmer trend reflected renewed Middle East tension and a small rise in U.S. M1 money supply figures. However trading was very thin and small transactions tended to move rates disproportionately.

DUTCH GUILDER — Trading range against the dollar in 1983 is 3.0540 to 2.5755. September average 2.9845. Trade weighted index 116.9 against 118.7 six months ago. The guilder had weakened against the dollar in line with other currencies but is now showing signs of improving from an already comfortable position within the EMS as the dollar retreats from recent highs.

The Dutch guilder was a little weaker at yesterday's fixing in Amsterdam. The dollar rose to Fl 2.8990 from Fl 2.8985 while sterling improved to Fl 4.4010 from Fl 4.34. Within the EMS the D-mark was lower at Fl 1.229 from Fl 1.1232 but the Belgian franc improved to Fl 5.5150 from Fl 5.505 per BFr 100. Trading was rather quiet in view of the closure of U.S. centres for a public holiday.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9299	+2.29	+1.78	±1.5447
Danish krone ...	8.14104	8.15638	+0.19	−0.32	±1.6425
German D-Mark	2.24184	2.25305	+0.50	−0.01	±1.0642
French Franc ...	6.87456	6.91022	+0.52	+0.01	±1.4052
Dutch Guilder ...	2.52595	2.52988	+0.19	−0.35	±1.4964
Irish Punt	0.72569	0.727728	+0.28	−0.23	±1.6689
Italian Lira	1403.49	1371.91	−2.25	−2.25	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Oct. 10	£	$		£ Note Rates
Argentina Peso...	20.76-20.79	15.67-13.69	Austria	27.30-27.60
Australia Dollar...	1.6450-1.6470	1.0895-1.0900	Belgium	80.70-81.50
Brazil Cruzeiro...	1,143.8-1,150.65	754.0-758.0	Denmark	14.18-14.26
Finland Markka...	8.4666-8.4900	5.6160-5.6170	France	11.96-12.06
Greek Drachma...	139.10-139.56	92.20-92.40	Germany	3.89¼-3.93¼
Hong Kong Dollar	12.61¼-12.61¾	8.27-8.34	Italy	2360-2390
Iran Rial	129.15*	85.95*	Japan	349-354
Kuwait Dinar (KD)	0.4375-0.4380	0.2894-0.2896	Netherlands	4.38-4.42
Luxembourg Fr.	79.86-79.76	52.77-52.79	Norway	11.00-11.10
Malaysia Dollar...	3.54-3.56	2.3400-2.3420	Portugal	182-199
New Zealand Dlr.	2.2695-2.2675	1.4985-1.5010	Spain	219-234
Saudi Arab. Riyal	5.2816-5.2670	3.4800-3.4810	Sweden	11.69-11.79
Singapore Dollar	3.2295-3.2356	2.1605-2.1625	Switzerland	3.17-3.20
Sth. African Rand	1.6820-1.6840	1.1136-1.1145	United States	1.51-1.53
U.A.E. Dirham...	5.5520-5.5580	3.6720-3.6735	Yugoslavia	186-190

* Selling rates.

CURRENCY MOVEMENTS

Oct. 10	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.9	Unv.
U.S. dollar	125.6	—
Canadian dollar ...	91.6	—
Austrian schilling	118.1	—
Belgian franc	90.9	—
Danish kroner	80.6	—
Deutsche mark ...	127.4	—
Swiss franc	152.7	—
Guilder	116.9	—
French franc	87.6	—
Lira	50.0	—
Yen	152.7	—

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	Unav'ble	0.575396
U.S. $	8½		0.873274
Canadian $ ...	0.45	*	1.07395
Austria Sch	3¾	Unav'ble	15.8063
Belgian F ...	9	"	45.9299
Danish Kr...	7½	"	8.15638
D mark	4	"	2.25305
Guilder	5	"	2.52988
French F......	9½	"	6.91022
Lira	17	"	1371.91
Yen	5½	"	202.538
Norwgn Kr...	8	"	6.35220
Spanish Pta.	—	"	131.185
Swedish Kr	8½	"	6.76002
Swiss Fr ...	4	"	1.83082
Greek Dr'ch	20½	"	80.4984

* C$/SDR rate for October 7: 1.31035.

THE POUND SPOT AND FORWARD

Oct 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5090-1.5200	1.5100-1.5110	0.02-0.07c dis	−0.36	0.10-0.15dis	−0.33
Canada	1.8585-1.8690	1.8600-1.8615	0.01cpm-0.09dis	−0.26	0.02-0.12dis	−0.15
Nethlnd.	4.36½-4.40½	4.38½-4.39½	1½-1c pm	3.42	3¾-3¼ pm	3.19
Belgium	79.15-80.00	79.65-79.75	2c pm-8 dis	−0.45	8-18 dis	−0.65
Denmark	14.06-14.20	14.13-14.14	2.65-3.70ore dis	2.70	5.0-6.15dis	−1.58
Ireland	1.2660-1.2675	1.2625-1.2635	0.39-0.40p dis	−3.47	0.95-1.05dis	−3.17
W. Ger.	3.88½-3.93	3.90¾-3.91¾	1½-1pf pm	6.83	3½-3 pm	3.32
Portugal	186.25-188.00	186.50-187.00	225-530c dis	−24.28	755-865dis	−17.38
Spain	226.50-228.50	226.80-227.00	250-315c dis	−14.94	720-840dis	−13.75
Italy	2364-2380	2374½-2376½	17-20lire dis	−9.35	52-55 dis	−8.84
Norway	10.99-11.06	11.00-11.01	3.70-4.25ore dis	−4.33	11.35-12¼dis	−4.29
France	11.93½-12.04½	11.96½-11.97½	4¼-5¼c dis	−4.76	18-19½ dis	−6.27
Sweden	11.69-11.78	11.70½-11.71½	1.50-2.05ore dis	−1.82	6.65-7.20dis	−2.35
Japan	349½-353½	351½-352½	0.85-0.75y pm	2.90	2.40-2.20 pm	2.61
Austria	27.35-27.60	27.45-27.50	9½-7½gro pm	3.79	24½-19½ pm	3.20
Switz.	3.16-3.19½	3.17½-3.18½	1⅞-1⅝c pm	6.13	4½-3⅞ pm	5.19

Belgian rate is for convertible francs. Financial franc 81.15-81.25. Six-month forward dollar 0.20-0.25c dis. 12-month 0.50-0.60c dis.

THE DOLLAR SPOT AND FORWARD

Oct 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5090-1.5200	1.5100-1.5110	0.02-0.07c dis	−0.36	0.10-0.15dis	−0.33
Ireland†	1.1950-1.2035	1.1960-1.1970	0.34-0.30c pm	3.20	0.88-0.80 pm	2.80
Canada	1.2285-1.2325	1.2320-1.2325	0.03c pm-par	0.15	0.08-0.06 pm	0.21
Nethlnd.	2.8885-2.9060	2.9040-2.9060	0.97-0.87c pm	3.81	2.57-2.47 pm	3.48
Belgium	52.42-52.80	52.77-52.79	1½-½c pm	0.23	1-5 dis	−0.23
Denmark	9.3100-9.3675	9.3625-9.3675	2¼-2½ore dis	−6.21	3¼-3¾ dis	−1.50
W. Ger.	2.5710-2.5910	2.5880-2.5890	0.93-0.88pf pm	4.20	2.42-2.37 pm	3.71
Portugal	123.60-124.10	123.80-124.10	150-350c dis	−24.24	600-900dis	−22.83
Spain	149.95-150.45	150.35-150.45	185-225c dis	−16.37	525-625dis	−15.31
Italy	1566½-1574½	1572½-1573½	11½-12½lire dis	−8.26	33½-34½dis	−8.72
Norway	7.2625-7.2925	7.2850-7.2900	2.85-3.05ore dis	−4.86	7.45-7.85dis	−4.20
France	7.8900-7.9325	7.9235-7.9285	2.75-2.95c dis	−4.32	11.4-11.8d	−5.86
Sweden	7.7280-7.7600	7.7490-7.7540	1.40-1.60ore dis	−2.32	4.30-4.50dis	−2.27
Japan	230.75-233.00	232.80-232.90	0.64-0.59y pm	3.19	1.77-1.72 pm	3.00
Austria	18.09½-18.22	18.20½-18.21½	6.10-5.50gro pm	3.83	15.5-13.5 pm	3.19
Switz.	2.0875-2.1065	2.1025-2.1035	1.15-1.10c pm	6.43	2.93-2.88 pm	5.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.73-53.78.

EXCHANGE CROSS RATES

Oct. 10	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	1.	1.511	3.913	352.0	11.97	3.180	4.390	2378.	1.861	79.70
U.S. Dollar	0.662	1.	2.590	233.0	7.925	2.105	2.906	1575.	1.232	52.78
Deutschemark	0.256	0.386	1.	89.97	3.058	0.816	1.122	607.2	0.476	20.37
Japanese Yen 1,000	2.841	4.291	11.12	1000.	34.01	9.034	12.47	6749.	5.286	226.4
French Franc 10	0.835	1.262	3.269	294.1	10.	2.657	3.668	1985.	1.554	66.58
Swiss Franc	0.314	0.476	1.230	110.7	3.764	1.	1.381	747.0	0.585	25.06
Dutch Guilder	0.228	0.344	0.891	80.18	2.727	0.724	1.	541.1	0.424	18.15
Italian Lira 1,000	0.421	0.636	1.647	148.2	5.039	1.339	1.848	1000.	0.783	33.55
Canadian Dollar	0.537	0.812	2.103	189.2	6.434	1.709	2.360	1277.	1.	42.84
Belgian Franc 100	1.255	1.895	4.909	441.7	15.02	3.990	5.508	2981.	2.334	100.

MONEY MARKETS

London rates steady

Interest rates were steady in quiet London money market trading yesterday, as dealers balanced the forecast in Lloyds Bank financial review that base rates could rebound to 10 per cent by the end of the year against expectations of encouraging UK money supply figures tomorrow. The market is looking for a fall of up to ½ per cent in M3 in mid-September following last week's cut in base rates, but this and the strength of sterling on the foreign exchanges failed to prevent falls in gilt-edged prices.

The Bank of England forecast a money market shortage of £350m, and provided total assistance of £367m, mainly by outright purchases of bills in the morning.

A fall in the note circulation added £258m to liquidity, but this was outweighed by bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender amounting to £322m. The unwinding of bill repurchase agreements absorbed £276m, and another £44m was drained from the market by Exchequer transactions.

Before lunch the authorities bought £356m bills by way of £1m Treasury bills in band 1 (up to 14 days maturity) at 9 1/16 per cent; £16m bank bills in band 1 at 9 1/16 per cent; £160m bank bills in band 2 (15-33 days) at 9 per cent; £88m bank bills in band 3 (34-63 days) at 8 15/16 per cent; £10m local authority bills in band 4 (64-91 days) at 8⅞ per cent; and £81m bank bills in band 4 at 8⅞ per cent.

In the afternoon the Bank of England purchased another £11m band bills in band 4 at 8⅞ per cent.

In Brussels the Belgian National Bank increased the interest rate on three-month Treasury certificates to 9½ per cent from 9¼ per cent. The rates on one-month and two-month certificates were left at 9 per cent and 9¼ per cent respectively. The rise in the rate on three-month certificates was taken as a sign that the central bank is concerned about the weakness of the Belgian franc in the European Monetary System.

LONDON MONEY RATES

Oct. 10 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-9¼	9-9⅛	—	—	9-9⅛	7-9	—	—	—
2 days notice...	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼-9⅛	—	—	—	—
7 days notice...	—	9⅛-9¼	9⅛	—	—	—	9-9⅛	—	—	—
One month	9 1/16-9 1/16	9¼-9⅛	9¼	9⅞-9½	9 1/16	9⅛-9 1/16	9	9 1/16	9 1/16	9 11/16
Two months	9 1/16-9⅛	9 1/16-9⅛	9 1/16	9¼-9⅜	9⅛	9⅜	8⅞-9	9 1/32	8 31/32	9⅝
Three months ...	9 1/16-9 1/16	9 1/16-9 1/16	9⅛	9¼-9⅜	9⅜	9 1/16	8¾-9	8⅞-8 15/16	8 15/16	9 1/16
Six months	9 1/16-9 1/16	9⅜-9 1/16	9 1/16	9¼-9⅞	9 1/16	9¾	—	—	8 15/16-8 31/32	9 1/16
Nine months	9 1/16-9 1/16	9⅜-9¾	9⅝	9⅞-9½	9⅝	9 15/16	—	—	—	—
One year	9 1/16-9⅝	9¾-9⅞	9⅝-9¾	9⅞-9⅛	9⅞	10⅛	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period September 7 to October 4 1983 (inclusive) 9.719 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 10⅞ per cent; five years 10⅞-11 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8 29/32 per cent; four months trade bills 9 23/32 per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8 29/32 per cent and three months 8 29/32-8⅞ per cent. Approximate selling rate for one-month bank bills 9 per cent; two-months 8 29/32 per cent; and three months 8 29/32-8⅞ per cent; trade bills 9 23/32 per cent; two months 9 23/32 per cent and three months 9 5/32 per cent.

Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from October 1, 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills Average tender rates of discount 8.8389 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¼ per cent from October 5. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 6 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 10	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9-9¼	9⅛-9¼	9¼-9⅜	9 3/16-9 5/16	9 7/16-9 9/16	9¾-9⅞
U.S. Dollar	9⅜-9⅝	9⅜-9⅝	9⅜-9⅝	9 7/16-9 9/16	9 11/16-9 13/16	9 15/16-10 1/16
Can. Dollar	9-9¼	9-9⅛	9-9 3/16	9 1/16-9 3/16	9 5/16-9 7/16	9⅝-9⅞
D. Guilder	5⅞-6	5⅞-6	5 15/16-6 1/16	6 1/16-6 3/16	6⅛-6¼	6 5/16-6 7/16
S. Franc	6¼-6½	3¼-3½	3⅛-3⅝	3⅞-4	4 1/16-4 3/16	4¼-4⅜
Deutschm'rk	5 5/16-5⅜	5 7/16-5 9/16	5 9/16-5 11/16	5¾-5⅞	5⅞-6	6 1/16-6 3/16
Fr'nch Franc	12⅛-12⅜	12⅛-12⅜	16⅛-13⅜	15⅛-15⅜	16⅛-16⅜	16⅝-16⅞
Italian Lira	16-17	16⅞-18	17⅝-18⅛	18-18½	18⅛-18⅝	18⅝-19⅛
Belg. Franc. Conv.	4⅛-5	7⅛-8	9-9⅛	9½-10	9¾-10¼	10-10½
Fin.	5-5½	7¾-8¼	8⅞-9⅛	9⅜-9⅝	9¾-10	10-10¼
Yen	5⅜-5½	5 7/16-5 9/16	5⅛-6⅛	6⅛-6⅜	6⅛-6⅜	6⅜-6⅝
D. Krone	13⅞-14⅜	12⅞-12⅞	13⅛-15	11⅜-11⅞	11⅜-11⅞	11¼-11¾
Asia $ (Sing.)	9 7/16-9 9/16	9 7/16-9 9/16	9⅜-9½	9½-9⅝	9 11/16-9 13/16	9⅞-10

FT LONDON INTERBANK FIXING

(11.00 a.m. OCTOBER 10)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 1/2	offer 9 5/8	bid 9 5/8	offer 9 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)...	9¼-9⅜
Treasury bills (13-week)	8.88
Treasury bills (26-week)	8.80

GERMANY

Lombard	5.5
Overnight rate	5.525
One month	5.775
Three months	6.075
Six months	6.125

FRANCE

Intervention rate	12.25
Overnight rate	12.625
One month	12.6875
Three months	12.6875
Six months	12.75

JAPAN

Discount rate	5.5
Call (unconditional)	5.71875
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4
Overnight rate	1¾-2¼
One month	3¼-3½
Three months	3⅞-4

NETHERLANDS

Discount rate	5
Overnight rate	5⅞-6
One month	5⅞-6
Three months	6-6⅛
Six months	6⅛-6⅜

$ CERTIFICATES OF DEPOSIT

One month	9.25-9.35
Three months	9.30-9.40
Six months	9.45-9.55
One year	9.65-9.85

LONG TERM EURO $

Two years	10⅞-11
Three years	11-11⅛
Four years	11⅛-11⅞
Five years	11¾-12

SDR LINKED DEPOSITS

One month	8 9/16-8 11/16
Three months	8⅞-8¾
Six months	8-9⅛
One year	9 5/16-9 11/16

ECU LINKED DEPOSITS

One month	8 11/16-9 1/16
Three months	9⅜-9¾
Six months	9⅝-10
One year	9⅞-10⅜

FINANCIAL FUTURES

Weaker trend

Prices were mostly weaker in the London International Financial Futures Exchange yesterday. News of a $600m rise in U.S. M1 money supply was a little unexpected. This together with some concern about renewed Middle East tension tended to push cash prices a little firmer. However it was difficult to assess the true feelings of the market since many U.S. centres were enjoying a holiday for Columbus Day. Nevertheless dealers detected a sharp turnaround in sentiment with much of the bullishness seen on Friday tending to evaporate.

The release of the minutes of August's Federal Open Market Committee left some in the market with the feeling that the Fed had not implemented any easing in monetary policies. The December Euro-dollar price opened at 90.35 down from 90.43 and touched a low of 90.26 before finishing at 90.27.

Gilt futures outstripped losses seen in the cash market, with late selling prompted by a lower than expected opening level in Treasury bonds in Chicago. The December contract finished at the day's low of 106-26 down from an opening level of 107-19 and Friday's close of 107-23.

Short sterling contracts opened lower from Friday's closing levels but then proceeded to trade within a very narrow band, gaining little incentive from a rather uninspiring cash market. The December price opened at 90.70 down from 90.75 and remained within a three point spread before finishing at 90.70.

Currency contracts were largely neglected with the exception of sterling with nearly 650 lots traded during the day. The December price improved from an opening level of 1.5135 to finish at 1.5140 up from 1.5066 on Friday.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.27	90.35	90.26	90.43
March	89.97	90.03	89.97	90.10
June	89.75	89.77	89.74	89.85
Sept	89.48	89.48	89.48	89.58
Dec	89.25	89.25	89.25	89.34

Volume 2,153 (1,090)
Previous day's open int 7,088 (7,190)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.70	90.73	90.70	90.75
March	90.42	90.48	90.41	90.48
June	90.21	90.23	90.21	90.27
Sept	89.98	—	—	90.02
Dec	89.96	—	—	90.00

Volume 858 (439)
Previous day's open int 5,148 (5,149)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	106-26	107-19	106-26	107-23
March	106-12	106-18	106-12	107-10
June	106-30	—	—	106-28
Sept	105-16	—	—	106-14
Dec	105-02	—	—	106-00

Volume 2,543 (1,773)
Previous day's open int 3,008 (2,986)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 12 to 22 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.5140	1.5200	1.5125	1.5066
March	1.5153	1.5200	1.5153	1.5077
June	1.5163	—	—	1.5087

Volume 647 (274)
Previous day's open int 1,347 (1,374)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3895	0.3914	0.3895	0.3923
March	0.3928	—	—	0.3956
June	0.3961	—	—	0.3989

Volume 52 (194)
Previous day's open int 779 (791)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4809	0.4830	0.4809	0.4840
March	0.4872	—	—	0.4903
June	0.4934	—	—	0.4965

Volume 14 (29)
Previous day's open int 138 (132)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4318	0.4351	0.4318	0.4354
March	0.4349	—	—	0.4385
June	0.4384	—	—	0.4420

Volume 31 (28)
Previous day's open int 156 (151)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	72-08	72-16	72-07	69-02
March	71-23	71-30	71-22	68-05
June	71-09	71-13	71-08	67-16
Sept	70-30	71-00	70-29	66-28
Dec	70-19	70-23	70-18	66-14
March	70-12	70-13	70-10	—
June	—	—	—	65-24
Sept	—	—	—	65-19
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.07	91.08	91.05	91.21
March	90.73	90.73	90.70	90.84
June	—	90.49	90.45	90.58
Sept	—	—	—	90.35
Dec	90.05	90.05	90.02	90.14
March	89.86	—	89.86	89.94
June	89.68	—	89.68	89.74
Sept	89.49	—	89.49	89.55

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.40	90.50	90.38	90.56
March	90.03	90.04	90.00	90.17
June	89.77	89.77	89.74	89.89
Sept	—	89.49	89.49	89.62
Dec	—	—	—	—
March	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	—	90.07	89.98	90.15
March	89.70	89.71	89.66	89.81
June	89.46	89.46	89.41	89.56
Sept	89.19	89.19	89.17	89.30
Dec	88.97	—	88.97	89.03
March	88.75	—	88.75	88.77

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.5125	1.5205	1.5105	1.5125
March	1.5140	1.5220	1.5130	1.5180
June	—	1.5215	1.5190	1.5185
Sept	—	—	—	1.5195
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-16	68-21	68-13	71-09
March	—	67-27	67-17	71-01
June	—	67-00	66-27	70-26
Sept	—	—	—	70-20
Dec	65-28	65-29	65-28	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 10, 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghan	99.00
Albania	Lek	10.30
Algeria	Dinar	(A) 7.3780
Andorra	French Franc	11.97
	Spanish Peseta	226.90
Angola	Kwanza	(CM) 45.4116
[illegible]		
Greenland	Danish Kroner	14.196
Grenada	E. Caribbean $	4.08
Guadeloupe	Local Franc	11.97
Guam	U.S. $	1.5166
Guatemala	Quetzal	1.5105
Guinea	Syli	65.25
[illegible]		
Peru	Sol	exc(A) 2,122.74
Philippines	Philippine Peso	20.92
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.2650
Poland	Zloty	142.43
[illegible]		

* Rate is the transfer market (controlled). †† Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (1) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicants. (4) Preferential rate for public sector debt and essential imports. (5) Government controlled for non-essential imports. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) For remittances of foreign exchange into Ghana there is a bonus of 7.50 cedis to each pound. (9) On October 3 the free rate for the bolivar should have read 18.46.

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Canadian pricing disappoints

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

CANADA is raising $500m through e five-year, 10⅞ per cent Eurobond launched at par yesterday by Deutsche Bank, Credit Suisse First Boston and Orion Royal.

The issue has been the subject of feverish excitement in the bond market since it was first rumoured in the middle of last week, but its actual launch yesterday disappointed many dealers, who said it was too tightly priced.

Yesterday afternooo the bonds were quoted in the unofficial grey market at a discount oi about 1¼ per ceot, in line with their selling concession, hut it is understood that the bonds had to be supported by lead managers in the face of a much softer tone in the secondary market.

Canada is a relatively rare name in the Eurobond market and this issue was designed to appeal especially to central bank investors with its five year maturity.

Although there is a shortage of five year paper in the primary market at the moment, dealers said the issue was priced to yield way below comparable U.S. Treasury securities.

As e result, central bank investors held back and the paper was selling mainly yesterday to retail investors in Switzerland. Without the lead manager support its price might have fallen further, dealers said, noting that other new issues were also selling slowly in yesterday's weaker market.

Friday's $200m, 11¼ per cent World Bank issue was for example trading yesterday at a discount of two points from its par offer price.

Yesterday also saw a $100m, seven year, 11½ per cent issue for Norway's Eksportfinans. The bonds are priced at per by lead managers Citicorp, Christiana Bank and Credit Suisse First Boston. Swiss Bank Corporation International launched a $20m, 10 year convertible issue for Banca Svizzera Italiana which is 35 per cent owned by Irving Trust.

Indicated terms include a coupon of 6 to 6¼ per cent and a conversion premium of approximately 5 per cent. The bonds are convertible into bearer participatioo certificates

Non-dollar business was dominated by the Australian currency, which is rapidly growing in popularity with investors in the Low Countries because it offers a high return and has been appreciating lately. Primary Industry Bank of Australia is raising A$40m through a five year 13¾ per cent bond priced at par and led by Orion Royal. Today will see the launch of an A$25m, five year issue at 14 per cent for News Corporation. Lead manager Hambros Bank has priced the paper at par.

Issuance facility for AIDC

By Our Euromarkets Correspondent

AUSTRALIAN Industry Development Corporation (AIDC) is raising $250m in the Euromarkets through a five-year note issuance facility led by Credit Suisse First Boston.

Note issuance facilities, which have become increasingly popular in the Euromarkets in recent years, involve the continuous issue of short-term notes which can be traded like money market paper, or like commercial paper in the U.S. market.

In this case, the borrower will issue ootes with a minimum denominatioo of $100,000 for maturities of up to six months. The maximum outstanding amount will be $250m.

AIDC is, however, new to this type of borrowing, which will allow it to overcome a receot change in regulations imposing a 10 per cent Australian withholding tax on its direct bank borrowings.

It also recently floated an A$30m Eurobond, but bankers yesterday said the change in Australian tax regulations had little to do with the current flurry of Australian dollar issues in the Eurobond market.

Portugal to raise further $150m credit

By Our Euromarkets Correspondent

PORTUGAL is raising $150m through a U.S. bankers' acceptance facility In addition to the $300m, seven-year credit it is seeking in the Euromarkets.

The two-year acceptance facility will bear a commission of 0.55 per cent and is to be arranged in close conjunction with the credit.

Many banks regard acceptance business as more lucrative than straightforward Eurocredit lending and those which wish to participate in the acceptance facility will come under pressure to subscribe to the credit as well.

A managers' meeting of banks leading the credit is expected to take place in the middle of this week in New York. Those committed to the loan at latest count include Bank of Tokyo, Bankers Trust, BNP, Chemical, Citibank, CCF, Gulf International, Industrial Bank of Japan, Lloyds International, Manufacturers Hanover, Morgan Guaranty, Standard Chartered and Sumitomo.

As already reported, the credit will bear a margin of ⅜ per cent over Eurodollar rates or ½ per cent over U.S. prime.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 10.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	94⅝	95⅛	−0⅛	+0⅜	11.32
Bank of America 8 88 XW	150	86⅞	87⅜	+0¼	+0¼	11.47
Bank of Tokyo 11 90	100	96	96½	+0¼	+1⅛	11.83
British Col Hyd 10¼ 88	200	97⅛	97⅝	−0⅛	+0⅛	10.91
C.C.C.E. 11¾ 91	100	95	95½	−0½	+0⅜	12.46
C.C.C.E. 12⅝ 95	75	99¾	100¼	—	—	12.62
Can Imp Bk Com 11 90	75	93⅛	93⅝	+0⅛	+0⅝	12.47
Citicorp O/S 10⅞ 90	100	92⅞	93⅜	−0⅛	+0⅛	11.91
Citicorp O/S 11¾ 90	100	98⅛	98⅝	—	—	12.10
Coca Cola Int 9⅞ 92	100	93½	93	−0½	−0⅛	11.29
Cred Suisse BAH 10½ 88	150	97⅛	97⅝	−0⅛	+0⅛	11.06
Den Norsk Cred 11⅛ 93	50	94⅛	94⅝	−0⅛	+0¼	12.25
Du Pont 11⅛ 95	150	99½	100	−0¼	−0½	11.27
E.C.S.C. 11⅞ 90	75	99¾	100¼	−0⅛	−0⅛	11.85
E.D.C. 11¾ 87	100	100¾	101¼	−0⅜	−0⅛	11.38
E.D.F. 11⅛ 93	100	93½	94	−0⅜	−0½	12.24
E.E.C. 11 87	350	98⅞	99⅜	−0⅞	+0⅜	11.26
E.I.B. 10¾ 93	200	93	93½	−0¾	+0⅜	11.94
E.I.B. 11 91	125	95¾	96¼	−0¼	+0¼	11.91
E.I.B. 11⅞ 93	150	99⅝	99⅞	—	—	12.05
Electrolux 10½ 90	50	91⅝	92⅜	−0⅛	+0⅜	12.27
Enserch Fin 11⅝ 88	100	96⅜	96⅞	−0⅛	+0¼	12.21
Fuji Int Fin 10⅞ 90	100	94½	95	+0½	+0⅜	12.04
Gen Elec Credit 9¾ 91	100	92⅛	92⅝	−0⅜	−0⅜	11.25
GMAC O/S Fin 10½ 90	200	96⅞	97⅜	−0¼	+0¼	11.13
Honeywell Int 10¾ 90	100	97⅝	98⅛	−0⅛	0	11.17
Indust Bk Japan 10⅞ 88	100	97⅝	98⅛	−0⅛	+0½	11.46
Japan Air Lines 10⅞ 88	42	93¾	93¾	−0⅜	−0¼	11.81
Japan Air Lines 11 93	75	95¼	95¾	−0½	−0½	11.78
J. P. Morgan 11⅛ 90 WW	150	98½	99	−0⅛	−0¼	11.63
Levi Strauss Int 11 90	75	97¼	97¾	−0⅛	0	11.53
L.T.C.B. 10⅞ 90	100	94½	95	+0⅛	+0⅜	11.91
L.T.C.B. 12½ 90	85	103	103½	−0¼	+0⅜	11.79
Merrill Lynch 10⅝ 90	200	96⅛	96⅝	−0¼	−0¼	11.41
Mitsubishi Corp 10½ 90	100	95	95½	0	+0⅜	11.54
Mitsubishi Fin 11¾ 90	100	97⅜	97⅞	+0⅛	+1	11.88
Nippon Credit 11 90	100	95⅝	96⅛	+0¼	+1⅛	11.90
O.K.B. 10 91	100	91¼	91¾	+0⅛	+0⅜	11.73
Ontario Hydro 10¼ 90	250	93⅞	94¼	−0¼	+0¼	11.57
Ontario Hydro 11¼ 89	200	100⅛	100⅝	−0¼	−0⅜	11.14
Prudential O/S 10⅝ 93	100	95⅞	96⅜	−0¼	+0⅛	11.28
Prudential O/S 12¾ 97	150	104⅛	104⅝	−0¼	−0⅜	11.33
Quebec Hydro 11½ 92	100†	96⅞	97⅜	−0⅛	0	12.02
Saskatchewan Pr 10¾ 90	125	96⅝	97⅛	−0⅛	+1	11.43
S.N.C.F. 11½ 93	100	97½	98	+0⅜	+1⅛	11.88
Sth Cal Edison 10½ 90	75	97	97½	−0⅛	+0¼	11.08
Sumitomo Fin 10⅞ 90	100	94⅞	95⅜	+0⅜	+1⅛	11.95
Swiss Bk Corp 10¼ 88	250	98⅝	99⅛	−0½	+0¼	10.48
Texaco Capital 9⅝ 90	150	94¼	94¾	−0⅜	−0⅜	10.90
U.B.S. 10 88	100	99½	99	0	+0½	10.32
U.B.S. 11 89	150	102¼	102¾	0	+0⅜	10.41
Westpac Int Fin 11 90	100	94½	95	+1¼	+1¼	12.17
World Bank 10⅞ 88	150	99⅜	97¼	−0⅜	−0	11.22
World Bank 10⅞ 93	100	94⅝	95⅛	−0⅜	+0⅛	11.77
World Bank 11⅛ 89	100	99¼	99¾	−0½	+0½	11.37
World Bank 11½ 90	150	98⅞	99⅜	−0⅜	+0⅜	11.67
World Bank 12 88	200	100¼	100¾	−0⅜	0	11.90

Av. price changes: on day −⅛, on week +¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	100⅜	100⅞	+0⅜	+1⅜	7.27
A.N.A.S. 8¼ 88	100	99	99½	0	−0¼	8.43
Arab Banking Corp 8 88	100	97⅛	97⅝	—	—	8.67
Austria, Rep 7⅝ 89	100	99⅞	100⅜	0	+1⅛	7.69
Austria, Rep 8 93	100	101½	101¾	−0⅜	+1½	7.77
Avon Int Fin 1½ 93	100	100½	100⅞	0	+1⅜	7.43
Beatrice Foods 7¾ 93	130	102⅝	103⅛	—	—	7.33
B.F.C.E. 8¼ 90	150	101¼	101¾	−0⅛	+1½	7.94
Comp Tel Nac Esp 8¼ 93	100	96½	97¼	0	+1⅛	8.73
Dresdner Finance 4 90 WW	250	105½	106⅛	+1½	−1⅛	2.98
Dresdner Finance 4 90 XW	250	83⅞	84⅝	0	0	7.02
E.C.S.C. 8 88	100	101½	102	0	+1⅛	7.65
E.E.C. 8¼ 93	250	101⅝	102⅛	−0⅜	+0⅜	7.95
E.I.B. 8 93	200	99⅛	99⅝	—	—	8.07
Eurofima 1½ 90	100	100¼	100¾	−0¼	+2¼	7.39
Finland Rep 7½ 88	150	99	99½	+0⅜	0	7.68
Int Standard Ele 7¾ 93	100	100⅝	101⅛	−0⅛	+1⅛	7.61
Ireland 8⅝ 91	150	93⅞	100⅝	—	—	8.60
Japan Dev Bank 7½ 90	100	101⅛	101⅞	−0⅛	+1¼	7.28
Kobe City 1 93	120	96⅞	97⅜	0	+1⅜	7.42
L.T.C.B. 8 90	100	102⅝	103⅛	0	+1⅛	7.44
Renault Acceptance 8 90	150	98¼	98¾	−0⅛	+0⅛	8.29
S.D.R. France 7⅞ 93	100	97	97½	+0⅛	+0½	8.29
Sth African Tran 8¼ 90	100	98⅞	99⅜	−0⅛	+0⅛	8.41
World Bank 7½ 90	250	97⅝	98⅛	0	+0⅜	7.91
World Bank 7½ 89	300	98⅛	98⅝	—	—	8.01

Av. price changes: on day 0 on week +⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	99	99¼	0	+0¼	5.74
Bank of Tokyo 6 91	100	102⅜	102⅝	−0⅜	+0⅜	5.60
Bergen, City of 5⅝ 95	40	99	99¼	−1	−0⅜	5.85
Carls-Tuborg Brw 5⅝ 93	80	101½	101¾	−0¼	−0⅛	5.52
Denmark 6⅛ 91	100	102¼	102½	−0⅛	−0¼	5.98
E.O.C. 5⅝ 91	100	100½	100¾	+0⅛	+0½	5.27
E.I.B. 5¾ 93	100	99½	99¾	+0⅛	+0⅜	5.80
Ex-Im Bk Japan 5⅝ 91	100	90¼	90½	+0¼	+0½	5.72
Ind Fund Finland 8⅛ 91	40	101½	101¾	+0½	+0½	5.90
Int-Am Dev Bk 9⅛ 93	100	100	100¼	−0⅜	−1	5.10
Japan Dev Bank 5½ 93	100	93	99¼	+0¼	+1	5.62
Japan Dev Bank 5⅞ 88	100	101¼	101⅜	+0⅜	+1½	5.71
Kansai Elec Power 9 91	100	102½	102¾	0	−0½	5.57
Kawasaki Steel 9⅛ 91	100	101⅞	102⅛	−0⅛	+0⅜	5.79
Montreal Urban 5¾ 88	100	101⅝	101⅞	−0¼	−0⅛	5.51
Mount Isa Finance 9 93	100	102⅞	103⅛	−0⅛	+0⅛	5.59
Nisshin Steel 8¼ 91	100	100	100¼	0	0	8.22
Osterr Draukraft 8 93	100†	102¾	103	+0¼	+0⅜	5.60
Osterr Post 8⅛ 91	100†	102¾	103¼	−0½	+0⅜	5.63
Quebec Hydro 5½ 93	100	101	101¼	+0½	+1¼	5.34
Sekisui House 9 93	100	100⅞	101⅛	−0⅛	−0¼	5.85
Sumitomo Heavy Ind 6 91	100	99¾	100	−0½	0	8.02
Sumitomo Metal Ind 6 91	100	100⅜	100⅝	+0¼	+0⅛	5.91
Tokyo Elec Power 5⅞ 91	100	100¾	101	0	+0⅜	5.73
Trizec Corp 9¼ 91	100	101	101½	−0⅛	+0⅜	6.83
World Bank 5⅝ 93	100	99	99¼	−0⅜	+1	5.74

Av. price changes: on day 0, on week +⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	104⅝	105⅛	+0¼	+0⅜	7.83
E.I.B. 8¼ 92	15	102⅞	103⅛	+0⅜	+0¼	7.79
Japan Airlines 7⅞ 87	9†	101⅜	102⅜	+0¼	+0¼	7.08
New Zealand 7⅝ 88	15	102¼	102⅝	0	+0⅛	7.12
World Bank 8⅛ 92	20	103½	104¼	+0⅛	+0½	7.72

Av. price changes: on day +¼, on week +⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 90 CS	75†	98¼	98¾	0	+0⅛	12.58
Norcen 12¾ 93 CS	80†	96⅝	97¼	−0⅜	+0⅛	13.29
TD MTG Corp 12½ 88 CS	40†	100	100½	−0⅛	+0¼	12.42
Quebec Hydro 12¾ 93 CS	60†	98⅝	99¼	−0⅜	+1	12.93
Royal Trstco 12⅝ 90 CS	50†	99⅛	99⅝	+0¼	+0⅜	12.70
World Bank 12¼ 90 CS	75†	98½	99	—	—	12.53
Xerox Canada 12 90 CS	40†	102	102½	−0¼	+0⅜	11.36
E.E.C. 11¼ 93 ECU	70	100⅝	101½	+0⅛	−1⅜	11.14
Genfinance 11 90 ECU	88	98¼	99	—	—	11.29
Algemene Bank 8⅞ 88 Fl	150	100½	101	0	+0⅝	8.54
Bank Mees & Hope 9 88 Fl	75	101⅛	101⅝	+0¼	+0½	8.61
Elect Sup Brd 8¾ 88 Fl	75	97½	98	0	+0⅜	8.34
P.H.P. 8¾ 88 Fl	50	100¼	100¾	+0⅛	+0½	8.61
Swed Exp Cred 7¾ 88 Fl	100	96½	96⅞	+0⅛	+0½	8.74
World Bank 9 88 Fl	100	102¼	102¾	−0⅛	+0⅜	8.35
O.K.B. 14 88 FF	400	100½	101¼	−0⅜	−0½	13.44
Solvay & Cie 14¾ 88 FF	200	101⅞	102⅜	0	+0⅜	13.42
B.F.C.E. 11½ 88 £	50	98¼	98¾	0	+0⅛	11.90
British Oxyg 11¾ 91 £	50	100⅛	100⅝	0	+0⅛	11.62
CEPME 11¼ 95 £	35	98⅝	99⅛	+0⅛	+0⅜	11.37
E.E.C. 11⅞ 91 £	50	99¾	100½	+0⅛	+0¼	11.82
E.E.C. 11⅞ 93 £	50	99⅝	100⅛	—	—	11.92
Fin For Ind 10½ 90 £	20	94⅛	94⅝	+0⅜	0	11.71
Finland Rep 11⅞ 88 £	50	99⅛	99⅝	0	+0⅛	12.00
Fin Mot Orant 12⅝ 92 £	30	101⅞	102⅜	−0⅛	+0⅜	12.10
Gen Elec Co 12½ 89 £	50	102⅝	103⅛	+0½	+0⅛	11.64
I.I.I. 10¾ 93 £	25	94¾	95¼	—	—	11.82
Mort Bk Fin 11¾ 89 £	15	96⅞	97⅜	0	0	12.37
Norsk Hydro 12 89 £	30	102½	102⅞	0	+0¼	11.39
Sweden 11¼ 93 £	50	96⅝	97⅛	0	+0¼	11.81
Swed Exp Cred 11⅛ 88 £	30	97⅜	98⅛	0	+0¼	11.86
World Bank 11⅛ 88 £	100	93	98¼	0	+0¼	11.56
World Bank 11¾ 91 £	75	100	100⅝	+0⅛	+0¼	11.27
Euratom 11 93 LuxFr	500	100¼	101¼	−0¼	−0⅜	10.78
Europarat 10¾ 93 LuxFr	600	102½	103¼	−0⅜	−0½	10.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5⅛ 87	0¼	99⅝	100	27/1	10⅝	10.89
B.F.C.E. 5⅛ 88	0¼	99⅝	99⅞	20/1	15.18	10.20
Caisse Nat Tele 5¼ 90	0¼	99¼	99½	21/10	9.56	9.62
C.C.F. 5¼ 95	0¼	99⅝	99⅞	7/4	9.94	9.99
C.C.F. 5¼ 98	0¼	99⅞	100⅛	24/3	10.10	10.10
Cepme 5¼ 88 WW	0¼	99⅝	100⅛	3/12	10.56	10.57
Cepme 5¼ 93	0¼	99⅝	100	10/12	10½	10.51
Chemical NY 5¼ 94 ††	0¼	100⅝	100⅞	23/12	10	9.93
C.N.C.A. 5¼ 95 XW	0¼	99¼	99½	7/12	10	10.00
C.N.T. 5¼ 91	0¼	99	99¼	0/11	9⅛	9.33
Credit Agricole 5¼ 97	0¼	99½	99¾	24/3	10.31	10.35
Credit Lyonnais 5¼ 94	0¼	99½	99¾	5/1	10.31	10.35
Credit Lyonnais 5¼ 97	0¼	99⅝	99⅞	1/4	10	10.05
Credit Nat 5¼ 94	0¼	99⅝	99⅞	9/3	10⅝	10.78
E.D.F. 5¼ 95 XW	0¼	99⅞	100⅛	10/2	11⅜	11.38
E.E.C. 5 90	0¼	99⅞	100⅛	5/1	10.13	10.10
Kansallis Osake 5¼ 92	0¼	100⅛	100⅜	8/11	9⅞	9.88
Long Term Cred 5¼ 92	0¼	100	100¼	27/11	9⅝	9.74
J.P. Morgan 5¼ 97 S	0¼	100⅞	101⅛	12/11	10.81	10.70
New Zealand 5¼ 87	0⅛	100½	100⅝	7/4	9⅞	9.86
NZ Steel Dev 5¼ 92	0¼	100⅛	100⅜	22/12	10¼	10.21
Nippon Credit 5¼ 90	0¼	100½	100¾	10/2	11⅛	11.18
Soc Generale 5¼ 98 XW	0¼	99¼	99½	9/11	9⅛	9.18
Société Générale 5¼ 95	0¼	99⅞	100⅛	1/3	10.31	10.31
Sweden 5¼ 89	0¼	100⅛	100⅜	25/2	10.10	10.10
Sweden 5¼ 93	0⅛	100¼	100½	3/2	11.10	11.15

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	119⅞	121⅜	−0⅜	15.47
Canon 1 97	1/82	748.2	232⅞	234⅝	−1	11.38
Daiwa Sec Co 5½ 98	10/83	508	97⅛	98⅝	−0½	1.48
Hitachi Cable 5¼ 96	2/83	515	109⅞	111⅜	+0⅜	0.20
Honda Motor 5¼ 98	8/83	884	119⅝	120⅝	−0⅜	1.41
Honda Motor 5½ 97	3/83	759.6	137½	139	−0⅜	−0.18
Kumagai Gumi 6½ 97	10/82	400	125¼	127¼	−0½	−0.79
Kyowa Hakko 6¼ 91	2/83	762	116⅞	118¼	−0⅜	10.60
Minebea Co Ltd. 5½ 98	5/83	667	139	140	−0½	3.52
Mitsubishi Electric 5¼ 98	6/83	396	122⅞	123⅞	+2	3.79
Nippon Electric 6¼ 97	2/82	765.9	181⅞	183⅜	0	2.38
Nippon Oil Co 5½ 98	4/83	964	130⅛	131⅝	−0½	4.83
Nissan Motor 5⅝ 98	4/83	770	101⅞	102⅞	−0¼	7.64
Olympus Optical 6¼ 97	13/82	1331	108⅝	110⅛	−0⅛	6.44
Orient Finance 5¼ 97	3/82	927.2	95½	97	−0⅛	2.44
Orient Leasing 5¼ 98	8/83	2680	93	100	+1¼	−4.35
Secom 5 98	11/83	2920	121⅛	122⅝	−0⅜	1.02
Sumitomo Electric 6½ 97	3/82	577.3	120⅞	122⅜	−0⅜	−0.15
Yamaichi Sec Co 5 90	8/83	472	95½	97	+0⅛	1.27
Yamanouchi Pharm'cal 4 90	10/83	1000	98⅝	99⅝	−0⅜	2.00
NEC Corp 3½ 93 SF	6/83	978	150⅛	152½	+0⅜	0.73
Settsu Paper 3⅝ 93 SF	9/83	718	101½	103½	—	13.45
Asics 5 92 DM	12/83	528	102⅞	103⅛	—	12.21
Konishiroku 6¾ 86 DM	6/82	810	118½	120½	−0⅛	1.53
Sun Realty 6¾ 92 DM	2/83	385	129	130	0	−4.27

— No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.